

EXHIBIT E



In the Matter Of:

Drexel

v.

Harleysville Insurance Co.

C.A. # 05-428 (JJF)

Transcript of:

Sherry Clodfelter

August 30, 2007

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LAYNE DREXEL,
Plaintiff,
v.
HARLEYSVILLE INSURANCE CO.,
Defendant.

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) Civil Action
) No. 05-428(JJF)
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Deposition of SHERRY CLODFELTER taken pursuant to notice at the law offices of Smith, Katzenstein & Furlow LLP, 800 Delaware Avenue, 10th Floor, Wilmington, Delaware, beginning at 10:05 a.m., on Thursday, August 30, 2007, before Kurt A. Fetzer, Registered Diplomate Reporter and Notary Public.

APPEARANCES:

ROBERT K. BESTE, III, ESQ.
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For the Plaintiff

STEPHEN P. CASARINO, ESQ.
CASARINO CHRISTMAN & SHALK
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Wilmington, Delaware 19801
For the Defendant

ALSO PRESENT:

CAREY DANIEL RIDDLE

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<p>2</p> <p>1 SHERRY CLODFELTER,</p> <p>2 the deponent herein, having first been</p> <p>3 duly sworn on oath, was examined and</p> <p>4 testified as follows:</p> <p>5 EXAMINATION</p> <p>6 BY MR. BESTE:</p> <p>7 Q. Good morning, Ms. Clodfelter. Am I</p> <p>8 pronouncing that right?</p> <p>9 A. Yes, sir.</p> <p>10 Q. My name is Rob Beste. I represent the</p> <p>11 plaintiff, Layne Drexel, in this matter.</p> <p>12 Have you ever had your deposition taken</p> <p>13 before?</p> <p>14 A. Yes, sir.</p> <p>15 Q. What circumstances led to your prior</p> <p>16 depositions?</p> <p>17 A. It was an insurance claim.</p> <p>18 Q. Have you had it taken once? Is that right? Or</p> <p>19 has it been more than once?</p> <p>20 A. More than once.</p> <p>21 Q. How many times?</p> <p>22 A. Twice before.</p> <p>23 Q. Do you know what years those depositions</p> <p>24 occurred?</p>	<p>4</p> <p>1 theft of a couple of parts from two computers.</p> <p>2 Q. I really only have one ground rule as we go</p> <p>3 forward. I'm going to be asking you a series of</p> <p>4 questions, obviously. If at any time you do not</p> <p>5 understand the question I'm asking you, I would ask</p> <p>6 you to let me know that.</p> <p>7 I probably will ask a lot of bad questions</p> <p>8 here this morning, but if you don't understand me,</p> <p>9 just let me know and I'll try to clarify what I'm</p> <p>10 asking you. Okay?</p> <p>11 A. Okay.</p> <p>12 Q. Can you give me your name, age and date of</p> <p>13 birth?</p> <p>14 A. Sherry Nolia Clodfelter.</p> <p>15 Q. Could you spell your middle and last names?</p> <p>16 A. N-o-l-i-a C-l-o-d-f-e-l-t-e-r.</p> <p>17 My birth date is 3-23-1958. I'm 49 years</p> <p>18 old.</p> <p>19 Q. Where do you presently live?</p> <p>20 A. Mount Juliet, Tennessee.</p> <p>21 Q. Where do you work?</p> <p>22 A. Harleysville Insurance Company.</p> <p>23 Q. Is that in Mount Juliet?</p> <p>24 A. No, sir. That's in Nashville, Tennessee.</p>
<p>3</p> <p>1 A. No, sir.</p> <p>2 Q. Can you recall what the two cases were about?</p> <p>3 A. The first case was a personal injury where I</p> <p>4 was involved as a pedestrian. I was hit, struck by a</p> <p>5 car. That was the first.</p> <p>6 Q. So you were a plaintiff in that suit?</p> <p>7 A. I was a plaintiff.</p> <p>8 Q. What state was that lawsuit brought in?</p> <p>9 A. Tennessee.</p> <p>10 Q. And the second deposition?</p> <p>11 A. That was an insurance claim and, you know, it</p> <p>12 was a property claim that I handled.</p> <p>13 Q. Do you know how long ago that was?</p> <p>14 A. I don't recall.</p> <p>15 Q. You don't recall any of the specifics of that</p> <p>16 claim?</p> <p>17 A. Well, I do. I don't know how much you want me</p> <p>18 to get into.</p> <p>19 Q. Just a general understanding of what kind of</p> <p>20 case it was.</p> <p>21 A. It was supposedly a theft claim where someone</p> <p>22 had stolen some parts out of computers and these</p> <p>23 computers belonged to a small business school and they</p> <p>24 alleged that the school went under because of the</p>	<p>5</p> <p>1 Q. Nashville. How long have you worked at the</p> <p>2 Nashville facility for Harleysville?</p> <p>3 A. I worked for Harleysville from 1986 to 2005 and</p> <p>4 went back in 2007, this year.</p> <p>5 Q. Why did you have the gap in employment?</p> <p>6 A. I wanted to seek other avenues in the insurance</p> <p>7 industry.</p> <p>8 Q. Did it have anything to do with this claim</p> <p>9 or --</p> <p>10 A. No, sir.</p> <p>11 Q. You were pursuing other opportunities</p> <p>12 basically?</p> <p>13 A. Yes.</p> <p>14 Q. Have you been at the Nashville facility of</p> <p>15 Harleysville the whole time?</p> <p>16 A. Yes, sir.</p> <p>17 Q. What positions have you held over the course of</p> <p>18 that employment?</p> <p>19 A. From 1996 to 2005, I was a property claims</p> <p>20 specialist.</p> <p>21 Q. Are you still a property claims specialist?</p> <p>22 A. No, sir.</p> <p>23 Q. What's your position now?</p> <p>24 A. Material damage specialist.</p>

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<p>6</p> <p>1 Q. What does a material damage specialist do?</p> <p>2 A. Handle auto claims.</p> <p>3 Q. Can you tell me who your present supervisor is?</p> <p>4 A. Jonathan Duncan.</p> <p>5 Q. And he's at the Nashville office?</p> <p>6 A. Yes, sir.</p> <p>7 Q. Do you have any people that you supervise?</p> <p>8 A. No, sir.</p> <p>9 Q. In the summer of 2004, can you tell me who your</p> <p>10 supervisor was?</p> <p>11 A. Danny Riddle.</p> <p>12 Q. Mr. Riddle is in the room?</p> <p>13 A. Yes, sir.</p> <p>14 Q. And that would be throughout the entire period</p> <p>15 of May 2004 through December 2004. Is that right?</p> <p>16 A. Yes, sir.</p> <p>17 Q. What was your official title in June of 2004?</p> <p>18 A. Property claims specialist.</p> <p>19 Q. What were your primary responsibilities in that</p> <p>20 role in 2004? Let me ask you this before.</p> <p>21 Were there any changes in your job</p> <p>22 position or duties during the year 2004?</p> <p>23 A. No, sir.</p> <p>24 Q. So if I ask you what you were doing in 2004,</p>	<p>8</p> <p>1 A. I met with counsel here briefly.</p> <p>2 Q. You met with Mr. Casarino?</p> <p>3 A. Yes.</p> <p>4 Q. Was anyone else present during that meeting?</p> <p>5 A. Danny Riddle.</p> <p>6 Q. Did you meet with any other employees of</p> <p>7 Harleysville or representatives of Harleysville</p> <p>8 outside of the presence of counsel to prepare for this</p> <p>9 deposition today?</p> <p>10 A. No, sir.</p> <p>11 Q. Were you shown any documents to prepare for the</p> <p>12 deposition today?</p> <p>13 A. The log notes as you have before you, I</p> <p>14 believe.</p> <p>15 Q. The log notes that you produced today?</p> <p>16 A. Yes, sir.</p> <p>17 Q. And Mr. Riddle and yourself brought those today</p> <p>18 with you?</p> <p>19 A. Yes, sir.</p> <p>20 Q. Is Mr. Riddle also in Nashville?</p> <p>21 A. Yes, sir.</p> <p>22 Q. Can you give me a general understanding of the</p> <p>23 corporate structure of Harleysville and where you fit</p> <p>24 into it?</p>
<p>7</p> <p>1 you could give a consistent answer throughout the</p> <p>2 year?</p> <p>3 A. Yes, sir.</p> <p>4 Q. Can you tell me what your job responsibilities</p> <p>5 were in 2004?</p> <p>6 A. My job was to handle property damage claims.</p> <p>7 Q. Approximately how many claims would you have at</p> <p>8 any given moment during 2004? I just want a range.</p> <p>9 A. I'm going to be guessing. Anywhere from 80</p> <p>10 claims but possibly up to 120 suffixes.</p> <p>11 Q. Can you explain that to me, "suffixes"?</p> <p>12 A. Say a claim has, one claim has a building and</p> <p>13 then it has contents in the building. The building</p> <p>14 would be one suffix. The contents would be another</p> <p>15 suffix.</p> <p>16 Q. And you essentially put 01, 02 onto the end of</p> <p>17 a claim number?</p> <p>18 A. Yes.</p> <p>19 Q. Is that right?</p> <p>20 A. Yes.</p> <p>21 Q. Did you supervise any employees during 2004?</p> <p>22 A. No, sir.</p> <p>23 Q. How did you prepare for today's deposition?</p> <p>24 Did you meet with anyone?</p>	<p>9</p> <p>1 MR. CASARINO: I'm not sure I understand</p> <p>2 your question.</p> <p>3 Q. Well, you're in the claims department of</p> <p>4 Harleysville, right?</p> <p>5 A. Yes, sir.</p> <p>6 Q. And in 2004 you were in the claims department?</p> <p>7 A. Yes, sir.</p> <p>8 Q. What other major departments did Harleysville</p> <p>9 have during 2004?</p> <p>10 A. A claims department, an underwriting</p> <p>11 department. I'm not sure, you know, all of the</p> <p>12 departments of Harleysville.</p> <p>13 Q. Does the Nashville office of Harleysville</p> <p>14 operate independently or does it report to another</p> <p>15 office? And this is in 2004.</p> <p>16 A. I'm not sure I understand what you're saying.</p> <p>17 Q. People refer to the home office.</p> <p>18 A. Yes, sir.</p> <p>19 Q. What does that refer to?</p> <p>20 A. I'm not sure.</p> <p>21 Q. Where's the home office?</p> <p>22 A. The home office is Harleysville, Pennsylvania.</p> <p>23 Q. And that's where Harleysville's main site is?</p> <p>24 Is that its primary facility?</p>

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<p style="text-align: right;">10</p> <p>1 A. Yes, sir.</p> <p>2 Q. In 2004 did you have any connection with</p> <p>3 Harleysville's acceptance or processing of premium</p> <p>4 payments?</p> <p>5 A. No, sir.</p> <p>6 Q. Where is that handled?</p> <p>7 A. It would have been in the underwriting</p> <p>8 department.</p> <p>9 Q. The underwriting department handles payment</p> <p>10 processing?</p> <p>11 A. I'm assuming.</p> <p>12 Q. You don't know?</p> <p>13 A. I honestly don't know.</p> <p>14 Q. Does Harleysville's Nashville office have an</p> <p>15 underwriting department in it or is that somewhere</p> <p>16 else?</p> <p>17 A. Somewhere else.</p> <p>18 Q. Where is the underwriting facility?</p> <p>19 A. I don't know.</p> <p>20 MR. CASARINO: Let's go off the record for</p> <p>21 a minute.</p> <p>22 (Discussion off the record.)</p> <p>23 BY MR. BESTE:</p> <p>24 Q. But there are no underwriting employees in</p>	<p style="text-align: right;">12</p> <p>1 know.</p> <p>2 Q. Do the various Harleysville employees use the</p> <p>3 system for communication amongst each other?</p> <p>4 A. (Pause).</p> <p>5 Q. Let me try this way.</p> <p>6 MR. BESTE: Can we have this marked as</p> <p>7 Exhibit 1?</p> <p>8 (H Deposition Exhibit No. 1 was marked for</p> <p>9 identification.)</p> <p>10 BY MR. BESTE:</p> <p>11 Q. I'm going to show you what's been marked as</p> <p>12 H-1. Can you identify what this is that I'm showing</p> <p>13 you?</p> <p>14 A. These are adjuster remarks that are put into</p> <p>15 Harleysville's system.</p> <p>16 Q. Now, this is part of the system that you're</p> <p>17 referring to?</p> <p>18 A. Well, no. This would be the claims file. This</p> <p>19 would be what would be going in the part of the</p> <p>20 claims.</p> <p>21 Q. Okay. This is a separate computer system? Is</p> <p>22 this typed out? How is this written out?</p> <p>23 A. This is where I go into the part of the claims</p> <p>24 system of Harleysville and I enter my conversations,</p>
<p style="text-align: right;">11</p> <p>1 Nashville. Is that right?</p> <p>2 A. I don't know.</p> <p>3 Q. Okay. Fair enough.</p> <p>4 Can you give me the general steps that you</p> <p>5 would take in 2004 when you were first assigned to a</p> <p>6 fire damage claim?</p> <p>7 A. The first step I would take would be to confirm</p> <p>8 coverage.</p> <p>9 Q. How do you go about confirming coverage?</p> <p>10 A. I would go on Harleysville's system and I would</p> <p>11 look to see if the property involved is what we're</p> <p>12 showing. I would put the limits on the policy, how</p> <p>13 much their deductible was and the forms that would be</p> <p>14 involved and the effective dates, if the loss fell</p> <p>15 within the effective dates of the policy.</p> <p>16 Q. When you say, "Harleysville's system," what are</p> <p>17 you referring to?</p> <p>18 A. Our computer system. I would go in with the</p> <p>19 policy number. I would enter it into the system and</p> <p>20 it would pull up that individual.</p> <p>21 Q. Who at Harleysville has access to that system?</p> <p>22 I mean, is it a company-wide computer system?</p> <p>23 A. I'm not sure. I mean, it is a company-wide</p> <p>24 system, but, you know, who all has access, I don't</p>	<p style="text-align: right;">13</p> <p>1 enter notes, enter coverage. This is how we put our</p> <p>2 notes in, you know, to the file.</p> <p>3 Q. And the employees and the claims adjusters can</p> <p>4 communicate using this adjuster remark system by</p> <p>5 leaving each other notes?</p> <p>6 A. The claims department.</p> <p>7 Q. Okay. I'm a little confused because at first</p> <p>8 you said you went into Harleysville's system.</p> <p>9 A. Yes, sir.</p> <p>10 Q. Do you have essentially a computer terminal at</p> <p>11 your desk that allows you to go into the Harleysville</p> <p>12 system?</p> <p>13 A. I have a, you know, just -- well, I can't</p> <p>14 think. I'm sorry. I'm drawing a blank.</p> <p>15 A personal computer in front of me that's</p> <p>16 linked up to Harleysville.</p> <p>17 Q. Is that how you access these adjuster remarks,</p> <p>18 the claim file?</p> <p>19 A. Yes, sir.</p> <p>20 Q. Are there separate systems that you can log</p> <p>21 into, separate recordkeeping systems?</p> <p>22 A. There's an area that you can go into and put a</p> <p>23 policy number in and pull -- I'm assuming it's part of</p> <p>24 underwriting's where they go in, but they just put in</p>

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14	<p>1 where there's coverage there.</p> <p>2 Q. When you go about confirming that coverage is</p> <p>3 in place when you initially get a claim as you</p> <p>4 testified before, where do you do that? Do you do</p> <p>5 that through your computer system?</p> <p>6 A. Yes, sir.</p> <p>7 Q. Do you go into this adjuster remark system?</p> <p>8 A. No.</p> <p>9 Q. What do you go into?</p> <p>10 A. I go into another area. I'm not exactly sure</p> <p>11 where, what it's called, but --</p> <p>12 Q. I don't need a name. I'm just trying to get a</p> <p>13 feeling for what physically you're doing in the</p> <p>14 computer, what system you're accessing.</p> <p>15 A. I guess, I guess I'm confused. It's just</p> <p>16 Harleysville's system that they have. I'm not sure</p> <p>17 what they call it, you know. It's a way that I go in</p> <p>18 and I can confirm coverage.</p> <p>19 Q. When you go to your computer in the morning are</p> <p>20 there a number of options that you can open up? You</p> <p>21 can open up the adjuster remarks? You can open up</p> <p>22 other things?</p> <p>23 A. Yes, sir.</p> <p>24 Q. What are the various things, areas of the</p>	16
15	<p>1 Harleysville system that you can access from your</p> <p>2 computer?</p> <p>3 A. I can go in and put a policy number in and pull</p> <p>4 up to see if a policy is active. I can go in and put</p> <p>5 a claim number in and it will bring up an area to</p> <p>6 where I find my claim and then I can enter file notes</p> <p>7 in that claim.</p> <p>8 Q. So you would first access the policy and then</p> <p>9 there could be various claim numbers associated with</p> <p>10 the policy, right?</p> <p>11 A. I'm not sure I understand that question. That</p> <p>12 would be -- I can do that, but the only time that I</p> <p>13 would do that is on the initial claim.</p> <p>14 Q. Are there any policies or procedures or manuals</p> <p>15 that you are guided by in adjusting a claim?</p> <p>16 A. Yes, sir.</p> <p>17 Q. Tell me about those policies and procedures or</p> <p>18 manuals. What are they?</p> <p>19 A. Well, again, we, Harleysville has a link that</p> <p>20 they, it's a link that they go in and you can pull up</p> <p>21 the claims manual on the link.</p> <p>22 Q. It's called a claims manual?</p> <p>23 A. I believe that's what it's called. I'm not</p> <p>24 absolutely sure.</p>	17
	<p>1 Q. What other manuals are available?</p> <p>2 A. At the time of this loss, we had a best</p> <p>3 practices manual.</p> <p>4 Q. And what is in the best practices manual?</p> <p>5 A. It would be just the timeliness of, you know,</p> <p>6 getting in contact with an insured, when you should</p> <p>7 raise reserve, put your coverage analysis in the file,</p> <p>8 things that would be required of that file.</p> <p>9 Q. To your knowledge, do underwriting employees</p> <p>10 have separate manuals?</p> <p>11 A. I have no idea.</p> <p>12 Q. Are there any manuals that you know exist that</p> <p>13 you don't use or that you haven't discussed here</p> <p>14 today, to your knowledge?</p> <p>15 A. None that I'm aware of, no, sir.</p> <p>16 Q. So you basically had two manuals, in 2004 you</p> <p>17 had two manuals available to you as a reference in</p> <p>18 adjusting this claim?</p> <p>19 A. Yes, sir.</p> <p>20 Q. Once you initially verify coverage with respect</p> <p>21 to a given claim, does Harleysville require you to</p> <p>22 re-verify coverage at a later point?</p> <p>23 A. No, sir.</p> <p>24 Q. So as long as there's coverage in place the</p>	

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18	<p>1 look at your notation from June 23rd, 2004 at 11:45?</p> <p>2 A. Yes, sir.</p> <p>3 Q. Why don't we use this one? This is a little</p> <p>4 different.</p> <p>5 Is that essentially what that notation is,</p> <p>6 you're verifying coverage?</p> <p>7 A. Yes, sir.</p> <p>8 Q. A few lines down the line mortgagee appears.</p> <p>9 A. Yes, sir.</p> <p>10 Q. Do you see that? It says Ocwen Federal Bank?</p> <p>11 A. Yes, sir.</p> <p>12 Q. What does that information represent? What is</p> <p>13 that?</p> <p>14 A. What I have seen on the policy information it's</p> <p>15 showing that there's a mortgagee and this is the</p> <p>16 mortgagee that it's showing.</p> <p>17 Q. So on June 23rd, 2004 Harleysville's records</p> <p>18 showed that Ocwen was the mortgagee on the property</p> <p>19 where the loss occurred?</p> <p>20 A. That's -- yes, sir.</p> <p>21 Q. How does that affect or impact your claims</p> <p>22 handling when there's another interest aside from the</p> <p>23 direct insured?</p> <p>24 A. Well, we try to make sure that they have an</p>	20	<p>1 make decisions on policy language and the application</p> <p>2 of it or is that authority with the underwriting</p> <p>3 department?</p> <p>4 A. I'm not sure what you're asking me.</p> <p>5 Q. As a claims handler do you have final authority</p> <p>6 to say this policy language covers the loss?</p> <p>7 A. I do.</p> <p>8 Q. In all circumstances?</p> <p>9 A. No, sir.</p> <p>10 Q. Can you give me a general feel in 2004 where</p> <p>11 the line was, where your authority stopped?</p> <p>12 A. If there were any question as to whether a</p> <p>13 claim were covered under these particular forms, then</p> <p>14 I would go to the advice of my supervisor and discuss</p> <p>15 it with him.</p> <p>16 Q. By "these particular forms" you mean the policy</p> <p>17 at issue. Is that right?</p> <p>18 A. I'm referring to these forms, CP0010 and</p> <p>19 CP1030.</p> <p>20 Q. What are those forms?</p> <p>21 A. Those are this particular policy's policy form.</p> <p>22 Q. That's essentially where the policy language</p> <p>23 comes from, the forms?</p> <p>24 A. Yes, sir.</p>
19	<p>1 interest in the claim and that they would be added to</p> <p>2 the check when it was issued.</p> <p>3 Q. Do you have any recollection of reaching out to</p> <p>4 Ocwen or Mr. Drexel with respect to this particular</p> <p>5 interest?</p> <p>6 A. No, sir.</p> <p>7 Q. A few more lines down it says, "Determine if</p> <p>8 C&O needed."</p> <p>9 Can you explain that to me?</p> <p>10 A. That would be a cause and origin person.</p> <p>11 Q. What role does a cause and origin person</p> <p>12 function as?</p> <p>13 A. They determine the cause of loss.</p> <p>14 Q. Is that an independent investigator?</p> <p>15 A. Yes, sir.</p> <p>16 Q. Somebody you send out to the scene?</p> <p>17 A. Yes, sir.</p> <p>18 Q. As a claims handler in 2004, were you ever</p> <p>19 involved in discussions of policy language or whether</p> <p>20 coverage applies with respect to any claim?</p> <p>21 A. Policy language and how it applies?</p> <p>22 Q. Yes.</p> <p>23 A. Is that the question? Yes, sir.</p> <p>24 Q. As a claims handler do you have authority to</p>	21	<p>1 Q. When you are adjusting a claim, do you commonly</p> <p>2 send notices or things of that sort to your insured?</p> <p>3 A. I'm sorry?</p> <p>4 Q. When you're adjusting a claim, do you send a</p> <p>5 lot of correspondence, letters to the insured?</p> <p>6 A. I wouldn't say I send a lot, but I do send</p> <p>7 some.</p> <p>8 Q. What steps do you take when you do send</p> <p>9 correspondence to an insured to verify that letters go</p> <p>10 out, notices get sent, that type of thing, that things</p> <p>11 are actually mailed?</p> <p>12 A. (Pause).</p> <p>13 Q. Do you physically mail letters to insureds?</p> <p>14 A. Yes, on some occasions. Some I don't.</p> <p>15 Q. Have you ever completed or participated in a</p> <p>16 proof of mailing?</p> <p>17 A. I'm not sure I understand the question.</p> <p>18 Q. Do you know what a proof of mailing is? Have</p> <p>19 you ever seen one?</p> <p>20 A. I don't think so.</p> <p>21 Q. How does Harleysville verify in its file that a</p> <p>22 letter or a notice was sent to one of its insureds?</p> <p>23 MR. CASARINO: I'm going to object to that</p> <p>24 question. She's not here to speak for Harleysville.</p>

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22	<p>1 MR. BESTE: I'm asking her in her</p> <p>2 experience as a claims adjuster.</p> <p>3 MR. CASARINO: That's different.</p> <p>4 A. We can send a letter certified.</p> <p>5 Q. Certified mail?</p> <p>6 A. Yes, sir.</p> <p>7 Q. Are there any other means of verifying that a</p> <p>8 letter was sent that Harleysville uses in 2004, used</p> <p>9 in 2004?</p> <p>10 A. Just in general? I mean, I'm not sure what</p> <p>11 you're asking me.</p> <p>12 There's occasions where we might send</p> <p>13 someone a FedEx and you can track a FedEx, but I'm not</p> <p>14 sure what you're asking me as far as verifying.</p> <p>15 Q. You still have H-1 in front of you. Could you</p> <p>16 look at those remarks? I have seen a number of them</p> <p>17 have the notation at the beginning of them SCLODFEL.</p> <p>18 Do you see one or a few of those entries?</p> <p>19 A. Yes, sir.</p> <p>20 Q. Are those your entries?</p> <p>21 A. Yes, sir.</p> <p>22 MR. BESTE: I'm going to have this marked</p> <p>23 as H-2, please.</p> <p>24 (H Deposition Exhibit No. 2 was marked for</p>	24	<p>1 claims file or is this just a computer document that</p> <p>2 you have?</p> <p>3 A. It will go in a claims file.</p> <p>4 Q. You do have physical claims files that you</p> <p>5 handle as a claims adjuster?</p> <p>6 A. In 2004?</p> <p>7 Q. Yes.</p> <p>8 A. Yes.</p> <p>9 Q. Has that changed?</p> <p>10 A. Yes, sir.</p> <p>11 Q. Are you all electronic now?</p> <p>12 A. Yes, sir.</p> <p>13 Q. When did that change occur? Roughly. I don't</p> <p>14 need --</p> <p>15 A. This year. A few months.</p> <p>16 MR. BESTE: If we can have this marked as</p> <p>17 H-3, please.</p> <p>18 (H Deposition Exhibit No. 3 was marked for</p> <p>19 identification.)</p> <p>20 BY MR. BESTE:</p> <p>21 Q. I'm handing you what's been marked as H-3.</p> <p>22 Can you identify that document?</p> <p>23 A. It's the first report and acknowledgment from</p> <p>24 Tower Insurance Services.</p>
23	<p>1 identification.)</p> <p>2 BY MR. BESTE:</p> <p>3 Q. Can you identify the document marked as H-2?</p> <p>4 A. It's a loss accord.</p> <p>5 Q. Is this something that you completed, this</p> <p>6 document?</p> <p>7 A. That's something that was presented to me with</p> <p>8 a new claim.</p> <p>9 Q. Who presented it to you?</p> <p>10 A. My supervisor.</p> <p>11 Q. So you're basically handed this notice and</p> <p>12 that's your assignment to adjust the claim?</p> <p>13 A. Yes, sir.</p> <p>14 Q. Now, it's a little bit difficult to read. But</p> <p>15 are there policy effective dates on that form?</p> <p>16 A. Yes, sir. There should be.</p> <p>17 Q. When you receive this form, do you take</p> <p>18 additional steps to verify the policy effective</p> <p>19 information on this notice?</p> <p>20 A. Yes, sir.</p> <p>21 Q. And it's at that point you're responsible to</p> <p>22 verify coverage in Harleysville's system?</p> <p>23 A. Yes, sir.</p> <p>24 Q. Is this a paper file? Is this in an actual</p>	25	<p>1 Q. Is that a document that goes to you?</p> <p>2 A. Yes, sir.</p> <p>3 Q. What exactly is Tower Insurance acknowledging?</p> <p>4 A. That they had received the claim from us.</p> <p>5 Q. So it basically confirms that you assigned</p> <p>6 Tower Insurance Services to adjust your claim as an</p> <p>7 independent adjuster?</p> <p>8 A. Yes, sir.</p> <p>9 Q. Do you essentially hire Tower to investigate</p> <p>10 and adjust the claim?</p> <p>11 A. Not investigate. He's only to adjust the</p> <p>12 claim.</p> <p>13 Q. But Harleysville hired Tower to adjust the</p> <p>14 claim?</p> <p>15 A. Yes, sir.</p> <p>16 Q. And you specifically hired Tower to adjust this</p> <p>17 claim?</p> <p>18 A. Yes, sir.</p> <p>19 Q. Can you explain to me the relationship between</p> <p>20 Harleysville Insurance Company, in particular to this</p> <p>21 claim, can you explain to me the relationship between</p> <p>22 Harleysville Insurance Company and Tower Insurance</p> <p>23 Services?</p> <p>24 A. Harleysville hires Tower Insurance Services to</p>

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26	<p>1 go out and scope the damage and eventually obtain an</p> <p>2 agreed cost to repair the damages.</p> <p>3 Q. An agreed cost between whom?</p> <p>4 A. An agreed cost between either the insured's</p> <p>5 contractor of choice or if the insured doesn't have a</p> <p>6 contractor to a local contractor who would be able to</p> <p>7 do the work for a certain amount of money.</p> <p>8 Q. When you assigned this claim to Tower Insurance</p> <p>9 Services, did Harleysville give Tower the authority to</p> <p>10 reach an agreed price with a contractor?</p> <p>11 A. I'm not sure what you mean by "authority." My</p> <p>12 instructions to Tower were to obtain an agreed cost to</p> <p>13 repair.</p> <p>14 Q. Does Harleysville retain the final say on the</p> <p>15 agreed cost?</p> <p>16 A. Yes, sir.</p> <p>17 Q. So correct me if I'm wrong. But Tower</p> <p>18 Insurance's role is to go out, reach an agreed cost</p> <p>19 with the contractor or contractors and then get</p> <p>20 approval from Harleysville on that price that they</p> <p>21 agreed to. Is that right?</p> <p>22 A. They submit that to Harleysville and then we</p> <p>23 decide from there whether we agree with that.</p> <p>24 Q. Who actually hires the contractor -- I'm sorry.</p>	28	<p>1 A. Wait a minute. I'm sorry.</p> <p>2 This would be our independent sending this</p> <p>3 to Mr. Drexel about an attempt to contact him.</p> <p>4 Q. This would be a letter that Tower Insurance</p> <p>5 Services sent to Mr. Drexel?</p> <p>6 A. Yes, sir.</p> <p>7 Q. Do you recall ever seeing that document or</p> <p>8 receiving it?</p> <p>9 A. I don't remember.</p> <p>10 Q. When you're adjusting a claim and going through</p> <p>11 the process of reaching an agreed cost between the</p> <p>12 contractor, the independent adjuster and Harleysville,</p> <p>13 what steps do you take to bring the insured into that</p> <p>14 process? Again, this is in 2004.</p> <p>15 Is the insured typically involved in that</p> <p>16 at all?</p> <p>17 A. Well, if the insured -- we give the insured an</p> <p>18 opportunity to hire his own contractor and the best</p> <p>19 scenario is to have the insured's contractor and our</p> <p>20 independent adjuster come to an agreed cost of the</p> <p>21 repairs.</p> <p>22 If the insured doesn't have a contractor,</p> <p>23 then that's when we'll solicit the opinion of a</p> <p>24 reputable contractor and the independent and the other</p>
27	<p>1 Who actually hired the contractor with</p> <p>2 respect to this claim to perform the repairs?</p> <p>3 A. I don't know.</p> <p>4 Q. Well, you understood that the repairs</p> <p>5 eventually happened. Is that right?</p> <p>6 A. I'm not sure that I did know that the repairs</p> <p>7 actually happened.</p> <p>8 Q. You were not aware that G. S. Booth performed</p> <p>9 any repairs on Mr. Drexel's property in this claim?</p> <p>10 A. To be honest with you, I don't remember.</p> <p>11 Q. You handle a lot of claims?</p> <p>12 A. I do.</p> <p>13 MR. BESTE: Can I have this marked as H-4?</p> <p>14 (H Deposition Exhibit No. 4 was marked for</p> <p>15 identification.)</p> <p>16 BY MR. BESTE:</p> <p>17 Q. There's a copy for Mr. Casarino as well.</p> <p>18 Sorry.</p> <p>19 Can you identify the document marked as</p> <p>20 H-4?</p> <p>21 A. This would be a report from Tower Insurance.</p> <p>22 Q. A report to whom?</p> <p>23 A. To me.</p> <p>24 Q. H-4?</p>	29	<p>1 contractor will get an agreed cost of repairs.</p> <p>2 Q. When an agreed cost is reached between</p> <p>3 Harleysville's independent adjuster and the</p> <p>4 contractor, does Harleysville take any steps to get</p> <p>5 final approval for the repair work from the insured?</p> <p>6 A. I'm not sure what you're asking.</p> <p>7 Q. Hypothetically, you have in 2004 a claim and</p> <p>8 you've talked to the independent adjuster. The</p> <p>9 independent adjuster says, "I have an agreed cost with</p> <p>10 the contractor."</p> <p>11 Would you reach out to the insured and</p> <p>12 say, "We have an agreed cost; do we have authority to</p> <p>13 proceed with making the repairs to your property"?</p> <p>14 A. I would get in contact with the insured and</p> <p>15 say, "This is the numbers that we have come up with."</p> <p>16 Q. Do you have any specific recollection of the</p> <p>17 process in Mr. Drexel's, in this claim of reaching an</p> <p>18 agreed cost?</p> <p>19 A. No, sir, I don't remember.</p> <p>20 Q. Can you explain to me why you would reach out</p> <p>21 to an insured when you have an agreed cost to run that</p> <p>22 by him?</p> <p>23 A. Well, you would want them to know what they can</p> <p>24 expect and also if by chance the insured says that he</p>

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30	<p>1 doesn't have his own contractor and we have an agreed</p> <p>2 cost with an independent contractor, then we would</p> <p>3 want to run those numbers by the insured in the event</p> <p>4 that he doesn't agree and then we can go back to the</p> <p>5 table and say, "Okay, why don't you agree with this?"</p> <p>6 MR. BESTE: Can I have this marked as H-5,</p> <p>7 please?</p> <p>8 (H Deposition Exhibit No. 5 was marked for</p> <p>9 identification.)</p> <p>10 BY MR. BESTE:</p> <p>11 Q. Are you able to identify this document, H-5?</p> <p>12 A. No, sir.</p> <p>13 Q. Do you know who Brooke Beauman is?</p> <p>14 A. No, sir.</p> <p>15 Q. Do you know who Marc Good is?</p> <p>16 A. No, sir.</p> <p>17 Q. Have you ever heard the name S. T. Good</p> <p>18 Insurance or S. T. Good?</p> <p>19 A. I don't recall.</p> <p>20 Q. Do you know whether Brooke Beauman is an</p> <p>21 employee of Harleysville?</p> <p>22 A. I don't know.</p> <p>23 MR. BESTE: Could I have this marked as</p> <p>24 H-6, please?</p>	32	<p>1 You've handed me this other piece of paper that I have</p> <p>2 never seen before that has the same policy number on</p> <p>3 it.</p> <p>4 Q. Does H-1, the adjuster remarks, contain a</p> <p>5 policy number in it anywhere?</p> <p>6 A. (Reviewing document) I don't see the policy</p> <p>7 number.</p> <p>8 Q. Do you know who Robert Southard is or Bob</p> <p>9 Southard?</p> <p>10 A. No, sir.</p> <p>11 Q. Does Harleysville have a Chesapeake office?</p> <p>12 A. I'm not sure.</p> <p>13 Q. You've never heard anyone at Harleysville refer</p> <p>14 to a Chesapeake office or anything of that sort?</p> <p>15 A. They may have.</p> <p>16 Q. So you've never seen a document such as H-6</p> <p>17 before?</p> <p>18 A. Not that I recall.</p> <p>19 Q. Are you familiar with what happens within</p> <p>20 Harleysville when a policy is canceled?</p> <p>21 A. No, sir.</p> <p>22 Q. If a policy were to be canceled at any time,</p> <p>23 does that get entered into Harleysville's computer</p> <p>24 system?</p>
31	<p>1 (H Deposition Exhibit No. 6 was marked for</p> <p>2 identification.)</p> <p>3 BY MR. BESTE:</p> <p>4 Q. Are you able to identify this document?</p> <p>5 A. No, sir.</p> <p>6 Q. It's a Harleysville document, is it not?</p> <p>7 A. It has Harleysville's name on there.</p> <p>8 Q. Have you ever seen a document like this before?</p> <p>9 A. Not that I recall.</p> <p>10 Q. Are you able to tell whether this document</p> <p>11 pertains to the claim or policy that we're discussing</p> <p>12 today, Mr. Drexel's fire?</p> <p>13 A. Will you repeat the question?</p> <p>14 Q. Are you able to tell me whether this document</p> <p>15 pertains in any way to the claim we're discussing,</p> <p>16 Mr. Drexel's fire?</p> <p>17 A. I don't know.</p> <p>18 Q. Does it have a policy number on it?</p> <p>19 A. It does.</p> <p>20 Q. Are you able to look at any of the other</p> <p>21 documents that I have given you today and determine</p> <p>22 whether it's the same policy number that we're</p> <p>23 discussing today, Mr. Drexel's fire?</p> <p>24 A. Nothing that -- you know, as far as my claim.</p>	33	<p>1 A. Honestly, I don't know.</p> <p>2 MR. BESTE: I think we're on H-7.</p> <p>3 (H Deposition Exhibit No. 7 was marked for</p> <p>4 identification.)</p> <p>5 BY MR. BESTE:</p> <p>6 Q. Are you able to identify the document marked as</p> <p>7 H-7?</p> <p>8 A. No, sir.</p> <p>9 Q. Have you ever seen a document like this before?</p> <p>10 A. Not that I recall.</p> <p>11 Q. Are you able to tell what department or office</p> <p>12 at Harleysville generated this notice?</p> <p>13 A. I can't tell you what department other than it</p> <p>14 looks like it's coming out of Harleysville,</p> <p>15 Pennsylvania.</p> <p>16 MR. BESTE: Can I have this marked as H-8?</p> <p>17 (H Deposition Exhibit No. 8 was marked for</p> <p>18 identification.)</p> <p>19 BY MR. BESTE:</p> <p>20 Q. Are you able to identify the document marked as</p> <p>21 H-8?</p> <p>22 A. This would have been my appraiser's report to</p> <p>23 me.</p> <p>24 Q. And by your appraiser you mean --</p>

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34	<p>1 A. Tower Insurance Services.</p> <p>2 Q. -- George Powell?</p> <p>3 A. Yes, sir.</p> <p>4 Q. Do you work with George Powell a lot?</p> <p>5 A. Not a lot.</p> <p>6 Q. During your tenure at Harleysville have you</p> <p>7 handled a lot of fire claims in Delaware?</p> <p>8 A. Not a lot.</p> <p>9 Q. Are we talking two or three, twenty? Can you</p> <p>10 give me a very rough estimate?</p> <p>11 A. Two or three.</p> <p>12 Q. Can you give me a rough estimate of how many</p> <p>13 times you've worked with Tower Insurance or George</p> <p>14 Powell on claims?</p> <p>15 A. I can't recall.</p> <p>16 Q. Do you have any recollection of receiving this</p> <p>17 interim report from Mr. Powell and Tower Insurance?</p> <p>18 A. I'm sorry. In 2004, you know, I'm sure I did,</p> <p>19 but I don't remember.</p> <p>20 Q. That's fine. I just need to determine whether</p> <p>21 you do or not. That's all.</p> <p>22 Are you able to look at this document and</p> <p>23 tell me what the status of the claim was on July 30,</p> <p>24 2004?</p>	36	<p>1 A. I'm sorry. DR 0?</p> <p>2 Q. 432.</p> <p>3 MR. CASARINO: The letter to Booth?</p> <p>4 MR. BESTE: Yes.</p> <p>5 BY MR. BESTE:</p> <p>6 Q. It's a letter dated August 1st to Booth</p> <p>7 Insurance Restorations.</p> <p>8 MR. CASARINO: I'm a little confused here.</p> <p>9 That letter is dated August 1st, but the interim</p> <p>10 report is dated July 30th.</p> <p>11 MR. BESTE: He's very quick.</p> <p>12 I noticed that too. I don't know what the</p> <p>13 discrepancy is.</p> <p>14 MR. CASARINO: Are you suggesting it went</p> <p>15 with that package?</p> <p>16 MR. BESTE: I am suggesting that this is</p> <p>17 an entire package, but I don't think that's important.</p> <p>18 MR. CASARINO: I don't know. It may be.</p> <p>19 BY MR. BESTE:</p> <p>20 Q. Have you ever seen the letter to Booth</p> <p>21 Insurance Restorations marked DR 0432 and 0433?</p> <p>22 A. I don't recall.</p> <p>23 Q. With respect to this claim though, Mr. Powell</p> <p>24 at Tower Insurance was adjusting the claim on</p>
35	<p>1 A. It appears to be his initial estimate and he</p> <p>2 was still trying to obtain an agreed cost of repairs.</p> <p>3 Q. And by "he," you're referring to Tower</p> <p>4 Insurance, George Powell?</p> <p>5 A. Yes, sir.</p> <p>6 Q. Are you able to tell who he was negotiating</p> <p>7 with?</p> <p>8 A. It appears G. S. Booth & Associates.</p> <p>9 Q. Do you know who G. S. Booth & Associates is?</p> <p>10 A. No, sir.</p> <p>11 Q. Are they the contractor on this claim?</p> <p>12 A. I don't know.</p> <p>13 Q. Are you able to tell from this document?</p> <p>14 A. It appears so.</p> <p>15 Q. At least at this time it appears that</p> <p>16 Mr. Powell was negotiating with G. S. Booth regarding</p> <p>17 an agreed price for this claim?</p> <p>18 A. It appears so.</p> <p>19 Q. Is this a document that you would have reviewed</p> <p>20 during the claims process?</p> <p>21 A. Yes, sir.</p> <p>22 Q. Would you turn to the page marked DR 0432 about</p> <p>23 two-thirds of the way through? It's a letter from</p> <p>24 Tower.</p>	37	<p>1 Harleysville's behalf, correct?</p> <p>2 MR. CASARINO: That's been asked and</p> <p>3 answered.</p> <p>4 Q. You can answer.</p> <p>5 A. Yes.</p> <p>6 Q. And this letter was written to Booth Insurance</p> <p>7 Restorations, the contractor on the job. Is that</p> <p>8 correct?</p> <p>9 A. It appears so.</p> <p>10 MR. BESTE: Can I have this marked as H-9,</p> <p>11 please?</p> <p>12 (H Deposition Exhibit No. 9 was marked for</p> <p>13 identification.)</p> <p>14 BY MR. BESTE:</p> <p>15 Q. Can you review the document marked H-9 and tell</p> <p>16 me what that is?</p> <p>17 MR. CASARINO: You're asking her what her</p> <p>18 understanding is about this? Obviously it's not</p> <p>19 addressed to her or from her.</p> <p>20 MR. BESTE: Yes.</p> <p>21 MR. CASARINO: Okay.</p> <p>22 A. It's a letter to Booth Insurance Restorations</p> <p>23 from George Powell at Tower.</p> <p>24 Q. Is this the same letter we were just discussing</p>

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38	<p>1 as far as you can tell?</p> <p>2 A. I would have to go back and look at that other</p> <p>3 letter.</p> <p>4 Q. As of August 1st, 2004 Tower Insurance was</p> <p>5 adjusting Mr. Drexel's fire damage claim on behalf of</p> <p>6 Harleysville. Is that correct?</p> <p>7 A. It appears that way.</p> <p>8 MR. BESTE: Can I have this marked as</p> <p>9 H-10, please?</p> <p>10 (H Deposition Exhibit No. 10 was marked</p> <p>11 for identification.)</p> <p>12 BY MR. BESTE:</p> <p>13 Q. Are you able to identify this document?</p> <p>14 A. Final report from George Powell of Tower</p> <p>15 Insurance Services.</p> <p>16 Q. Do you have any recollection of receiving this</p> <p>17 letter?</p> <p>18 A. (Pause).</p> <p>19 MR. CASARINO: Why don't you check your</p> <p>20 log notes and see if it's in there?</p> <p>21 A. Yes.</p> <p>22 Q. And why do you say yes? What are you looking</p> <p>23 at?</p> <p>24 A. I'm looking on the 13th of August log entry.</p>	40	<p>1 Harleysville that an agreement had been reached</p> <p>2 between Tower Insurance and Booth Restorations</p> <p>3 regarding the repair price?</p> <p>4 A. Yes, sir.</p> <p>5 Q. What steps did you take upon receiving the</p> <p>6 letter, the final report marked as H-10? Feel free to</p> <p>7 refer to your notes and tell me what occurred next.</p> <p>8 A. I acknowledged his report, that the estimate is</p> <p>9 revised. I placed a call to him to ask if this was an</p> <p>10 agreed estimate.</p> <p>11 Q. You called Mr. Powell?</p> <p>12 A. Yes, sir.</p> <p>13 Q. Can you tell the result of that conversation?</p> <p>14 A. He confirmed that he had gotten this estimate</p> <p>15 agreed.</p> <p>16 Q. Did you approve payment of the claim at that</p> <p>17 point?</p> <p>18 A. I requested approval.</p> <p>19 Q. From whom do you request approval?</p> <p>20 A. My supervisor.</p> <p>21 Q. Mr. Riddle?</p> <p>22 A. Yes, sir.</p> <p>23 Q. Did you receive that approval?</p> <p>24 A. Yes, sir.</p>
39	<p>1 Q. What time?</p> <p>2 A. 11:15.</p> <p>3 Q. 11:15:29?</p> <p>4 A. Yes, sir.</p> <p>5 Q. So the log entry on H-1 marked 8-13 at 11:15 is</p> <p>6 basically your reaction to this letter marked as H-10,</p> <p>7 Mr. Powell's final report?</p> <p>8 A. I'm sorry. Repeat that.</p> <p>9 My entry of 8-13 is my acknowledgment of</p> <p>10 this (indicating) H-10?</p> <p>11 Q. Yes.</p> <p>12 A. Correct.</p> <p>13 MR. CASARINO: You should understand there</p> <p>14 is an hour difference in time.</p> <p>15 MR. BESTE: I know. It makes it very</p> <p>16 confusing, actually. There are some e-mails that</p> <p>17 pre-date other e-mails.</p> <p>18 BY MR. BESTE:</p> <p>19 Q. Are you able to tell from H-10 whether Tower</p> <p>20 Insurance on Harleysville's behalf had reached an</p> <p>21 agreement with Booth Restorations to repair</p> <p>22 Mr. Drexel's property at an agreed price?</p> <p>23 A. That appears so.</p> <p>24 Q. And this is essentially Mr. Powell's report to</p>	41	<p>1 Q. How can you tell that you received the</p> <p>2 approval?</p> <p>3 A. On 8-13-2004 at 1335 Danny has an entry note in</p> <p>4 here.</p> <p>5 Q. And you can tell that because of the letters</p> <p>6 DRIDDLE on that particular entry?</p> <p>7 A. Yes, sir.</p> <p>8 Q. Again, you're referring to an entry on H-1?</p> <p>9 A. Yes, sir.</p> <p>10 Q. At this point in time and in particular to this</p> <p>11 claim did Mr. Riddle have final authority within</p> <p>12 Harleysville to authorize the repairs to Mr. Drexel's</p> <p>13 property?</p> <p>14 A. No one in the claims department gives authority</p> <p>15 to authorize the repairs.</p> <p>16 Q. Can you explain that to me?</p> <p>17 A. We don't authorize repairs. We leave that to</p> <p>18 the insured. It's the insured's property. If he</p> <p>19 wants the repairs, he has to authorize it.</p> <p>20 Q. So are you telling me that no one had authority</p> <p>21 to instruct either Tower Insurance or G. S. Booth to</p> <p>22 proceed with these repairs aside from Mr. Drexel?</p> <p>23 A. Exactly. That's what I'm telling you. It's</p> <p>24 Mr. Drexel's property. He's the only person that can</p>

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42	<p>1 authorize the repairs.</p> <p>2 Q. Well, didn't Tower Insurance reach an agreement</p> <p>3 with G. S. Booth directly?</p> <p>4 A. I mean, I don't know that for a fact. I'm</p> <p>5 assuming that G. S. Booth was representing Mr. Drexel.</p> <p>6 Q. Why are you assuming that they were</p> <p>7 representing Mr. Drexel?</p> <p>8 A. To be honest, I don't know. I don't know.</p> <p>9 Q. Are you able to tell from your claims notes</p> <p>10 whether you personally or anyone at Harleysville</p> <p>11 reached out to Mr. Drexel to get approval for the</p> <p>12 repairs?</p> <p>13 A. Again, it's up to him to authorize the</p> <p>14 approval.</p> <p>15 Q. Did you take any steps to determine whether</p> <p>16 Mr. Drexel had authorized the repairs to the property?</p> <p>17 A. I'm not sure I understand what you're asking.</p> <p>18 Any steps to?</p> <p>19 Q. Well, I believe you've testified that</p> <p>20 Mr. Riddle authorized payment of this claim.</p> <p>21 A. Yes, sir.</p> <p>22 Q. So he authorized Harleysville to pay for the</p> <p>23 repairs to Drexel's property?</p> <p>24 A. Authorized to pay Mr. Drexel.</p>	44	<p>1 authorizes Mr. Drexel to go ahead with repairs?</p> <p>2 A. No, sir.</p> <p>3 MR. CASARINO: I don't think she said</p> <p>4 that.</p> <p>5 Q. Can you explain why I'm wrong?</p> <p>6 A. It's Mr. Drexel's property. We don't authorize</p> <p>7 anyone to start repairs. We come upon an agreed cost</p> <p>8 of repairs and that's what we base our payment on and</p> <p>9 then it's the insured's duty to authorize his own</p> <p>10 repairs. We don't do that.</p> <p>11 Q. But in this case isn't it fair to say that you</p> <p>12 as the Harleysville claims adjuster negotiated with</p> <p>13 Tower Insurance and G. S. Booth regarding the agreed</p> <p>14 price?</p> <p>15 A. The agreed price, yes, sir.</p> <p>16 Q. And that Harleysville, yourself and Mr. Riddle,</p> <p>17 approved the agreed price?</p> <p>18 A. Yes.</p> <p>19 Q. Did you explain to Mr. Drexel that only he</p> <p>20 could authorize the repairs to the property?</p> <p>21 A. I don't recall. I don't recall.</p> <p>22 Q. Are you able to tell from your adjuster remarks</p> <p>23 or any of the documents that you've seen whether you</p> <p>24 explained to Mr. Drexel that Harleysville was not</p>
43	<p>1 Q. Did Harleysville communicate that authority to</p> <p>2 Mr. Drexel?</p> <p>3 A. On 8-13-2004 at 11:31:42 I placed a phone call</p> <p>4 to Mr. Drexel and left him a voice mail to contact me</p> <p>5 to go over our figures.</p> <p>6 Q. What was the time of that call?</p> <p>7 A. 11:31.</p> <p>8 Q. Are you able to determine whether Mr. Drexel</p> <p>9 returned that phone call or whether you spoke to him?</p> <p>10 A. I don't recall.</p> <p>11 Q. Can you tell from your log whether you did?</p> <p>12 A. It doesn't appear that I did.</p> <p>13 Q. Reviewing this log, can you tell me the next</p> <p>14 time when you did speak to Mr. Drexel was?</p> <p>15 A. I don't see where I spoke with him again.</p> <p>16 Q. Is there anything in these adjuster remarks</p> <p>17 that leads you to believe that Mr. Drexel authorized</p> <p>18 the repairs?</p> <p>19 A. Do you mind repeating your question?</p> <p>20 Q. Is there anything in the adjuster notes that</p> <p>21 leads you to believe that Mr. Drexel authorized the</p> <p>22 repairs to the property?</p> <p>23 A. I don't see where he authorized repairs.</p> <p>24 Q. Your testimony today is that Harleysville only</p>	45	<p>1 hiring a contractor, that he was, that Mr. Drexel was?</p> <p>2 A. I'm sorry. Repeat the question again.</p> <p>3 Q. Are you able to tell from your adjuster remarks</p> <p>4 whether you explained to Mr. Drexel that Harleysville</p> <p>5 was not hiring G. S. Booth directly through its</p> <p>6 adjuster to make the repairs?</p> <p>7 A. I don't see where that was explained.</p> <p>8 Q. Are you required by Harleysville to explain</p> <p>9 that to an insured?</p> <p>10 A. It's normal procedure that we explain that he</p> <p>11 hires his own contractor.</p> <p>12 Q. Is that normal procedure written down anywhere</p> <p>13 in Harleysville's documents or policies?</p> <p>14 A. I'm not sure.</p> <p>15 Q. Are you able to tell whether you followed that</p> <p>16 normal procedure in this case?</p> <p>17 A. I don't know if I did or not.</p> <p>18 Q. In your tenure at Harleysville have you ever</p> <p>19 explained that to an insured by letter?</p> <p>20 A. I don't recall.</p> <p>21 Q. Well, what is the normal procedure that we have</p> <p>22 been discussing? Is it to do it by letter or to do it</p> <p>23 by --</p> <p>24 A. By telephone.</p>

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46	<p>1 Q. By telephone.</p> <p>2 Would it also be normal procedure to</p> <p>3 document that advice or instruction in the file</p> <p>4 somewhere?</p> <p>5 A. Not necessarily.</p> <p>6 Q. So the normal procedure is just to tell the</p> <p>7 insured but not to document that conversation?</p> <p>8 A. Sometimes you document it and sometimes you</p> <p>9 don't. I'm sorry.</p> <p>10 MR. BESTE: Can I have this marked as</p> <p>11 H-11?</p> <p>12 (H Deposition Exhibit No. 11 was marked</p> <p>13 for identification.)</p> <p>14 BY MR. BESTE:</p> <p>15 Q. Before we get to H-11, and referring to your</p> <p>16 adjuster remarks, are you able to tell whether</p> <p>17 Harleysville ever actually physically issued the check</p> <p>18 in this case?</p> <p>19 A. (Pause)</p> <p>20 Q. You might want to look at the entry August 13</p> <p>21 at 13:49.</p> <p>22 A. It appears there was a check that was issued.</p> <p>23 Q. By reviewing that entry, are you able to</p> <p>24 determine whether the check was physically mailed?</p>	48	<p>1 Q. And did you prepare this document on August</p> <p>2 13th, 2004?</p> <p>3 A. Yes, sir.</p> <p>4 Q. Can you tell me what the purpose of the</p> <p>5 document is?</p> <p>6 A. To show the insured, Mr. Drexel, the amount of</p> <p>7 the estimate, the amount of depreciation being</p> <p>8 withheld, the amount of his deductible and the net</p> <p>9 payment.</p> <p>10 Q. Why was depreciation being withheld?</p> <p>11 A. Harleysville takes depreciation until the</p> <p>12 repairs are complete.</p> <p>13 Q. Until the repairs are complete?</p> <p>14 A. Yes, sir. He had a replacement cost policy,</p> <p>15 but we take depreciation based on the age of, say,</p> <p>16 paint or the wear and tear until such repairs are</p> <p>17 actually completed.</p> <p>18 Q. And Harleysville does that in a replacement</p> <p>19 cost, when there's replacement cost coverage as well?</p> <p>20 A. Yes, sir, until it's actually repaired and then</p> <p>21 he would be -- the depreciation is recoverable.</p> <p>22 Q. Okay. So once the repairs were complete,</p> <p>23 Mr. Drexel would have been, would have been paid for</p> <p>24 this depreciation value?</p>
47	<p>1 A. I can't tell you that. I don't know.</p> <p>2 Q. Are you able to tell from the adjuster remarks</p> <p>3 who the payee of that check was, who it was addressed</p> <p>4 to?</p> <p>5 A. It was addressed to Layne Drexel.</p> <p>6 Q. Anyone else?</p> <p>7 A. No, sir.</p> <p>8 Q. How can you tell that it was only Layne Drexel</p> <p>9 and not someone else?</p> <p>10 A. Well, I don't know who the payment was made out</p> <p>11 to. I'm just saying that it was sent to Layne Drexel.</p> <p>12 Q. There's an entry at 15:21 on August 13 by</p> <p>13 JSULLIV.</p> <p>14 Are you able to tell me who that is?</p> <p>15 A. Julie Sullivan.</p> <p>16 Q. Are you able to tell me what office Julie</p> <p>17 Sullivan works out of?</p> <p>18 A. The Nashville Harleysville.</p> <p>19 Q. And can you explain this entry at 15:21 to me?</p> <p>20 A. That we requested that the system check be</p> <p>21 voided.</p> <p>22 Q. Let's get back to H-11.</p> <p>23 Can you identify that document?</p> <p>24 A. It's a statement of loss.</p>	49	<p>1 A. If he submitted paperwork documenting that</p> <p>2 these costs were incurred and that he had to pay that</p> <p>3 amount of money, yes.</p> <p>4 Q. What documents must he submit?</p> <p>5 A. A completion notice by his contractor, invoices</p> <p>6 to show how much money was spent, canceled checks to</p> <p>7 show that this is how much money he paid.</p> <p>8 Q. What do you do with this document after you</p> <p>9 prepare it?</p> <p>10 A. I send a copy to the insured and then I put a</p> <p>11 copy in the file.</p> <p>12 Q. Do you do anything else with it?</p> <p>13 A. No, sir.</p> <p>14 MR. BESTE: Let's make this H-12, please.</p> <p>15 (H Deposition Exhibit No. 12 was marked</p> <p>16 for identification.)</p> <p>17 (Discussion off the record.)</p> <p>18 BY MR. BESTE:</p> <p>19 Q. Are you able to identify this document?</p> <p>20 A. It's a letter I sent to Mr. Drexel.</p> <p>21 Q. On August 13, 2004?</p> <p>22 A. Yes, sir.</p> <p>23 Q. What is the purpose of the letter?</p> <p>24 MR. CASARINO: Let's make sure. I'm not</p>

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50	<p>1 sure this is a document that the enclosure went with</p> <p>2 it.</p> <p>3 MR. BESTE: I'll ask her that.</p> <p>4 BY MR. BESTE:</p> <p>5 Q. I'm not sure if you answered my question.</p> <p>6 You sent this letter to Layne Drexel on</p> <p>7 August 13, 2004?</p> <p>8 A. Yes, sir.</p> <p>9 Q. Are you able to tell me whether the documents</p> <p>10 stapled to the letter are or were enclosures that you</p> <p>11 sent with the letter?</p> <p>12 A. I'm assuming it was.</p> <p>13 Q. Do you have any reason to doubt that it was?</p> <p>14 A. No, sir.</p> <p>15 Q. And are you, in fact, advising Mr. Drexel in</p> <p>16 this letter that he can recover the depreciation cost?</p> <p>17 A. Yes, sir.</p> <p>18 Q. Is there a difference between what you term in</p> <p>19 this letter recoverable depreciation and the</p> <p>20 depreciation figure in the statement of loss which was</p> <p>21 H-11?</p> <p>22 A. I'm sorry. Repeat the question.</p> <p>23 Q. If you could look at H-11 again, which is the</p> <p>24 statement of loss, that document shows depreciation in</p>	52	<p>1 Q. And you don't make a copy of the original and</p> <p>2 put that in your file?</p> <p>3 A. No, sir.</p> <p>4 Q. You just print out from a computer system the</p> <p>5 document and put that in the file?</p> <p>6 A. I would make two copies of that letter. The</p> <p>7 original would have went to Mr. Drexel and a copy</p> <p>8 would be put in the file.</p> <p>9 Q. But you would make copies before you signed it?</p> <p>10 A. Yes, sir.</p> <p>11 Q. So you would send one out signed and the other</p> <p>12 one would stay in the file unsigned?</p> <p>13 A. Yes, sir.</p> <p>14 Q. Do you document it in any way that a letter was</p> <p>15 actually sent?</p> <p>16 A. Normally I would, yes.</p> <p>17 Q. Did you document whether this letter was sent?</p> <p>18 A. I documented that I sent the proof of loss</p> <p>19 that's attached to it.</p> <p>20 Q. And how do you know that? Where do you</p> <p>21 document it?</p> <p>22 A. On the 8-13-2004 at 11:31:42 sending proof of</p> <p>23 loss.</p> <p>24 Q. And you sent this proof of loss and the letter</p>
51	<p>1 the amount of \$10,762 and change. Is that correct?</p> <p>2 A. That's correct.</p> <p>3 Q. Is there any difference between that figure and</p> <p>4 what you refer to in your August 13 letter, H-12, as</p> <p>5 recoverable depreciation?</p> <p>6 A. There's no difference.</p> <p>7 Q. Are you able to tell whether this letter was</p> <p>8 sent to Mr. Drexel physically?</p> <p>9 A. I'm not. No, sir, I don't know for a fact that</p> <p>10 it went.</p> <p>11 Q. Do you know whether you ever signed this</p> <p>12 letter?</p> <p>13 A. I don't know.</p> <p>14 Q. If you had to find out whether you did, what</p> <p>15 would you do?</p> <p>16 A. I don't know. I don't know. If I signed it</p> <p>17 and it went out, I'm assuming that it went to</p> <p>18 Mr. Drexel. I don't know.</p> <p>19 Q. Well, I'll represent to you that this is a copy</p> <p>20 of the letter produced by Harleysville.</p> <p>21 Can you explain to me why there would be</p> <p>22 an unsigned copy of a letter in Harleysville's file?</p> <p>23 A. The copy that I keep I don't sign. The</p> <p>24 original is the only one that's signed.</p>	53	<p>1 indicating that a payment would issue out of the</p> <p>2 accounting department before you spoke to Mr. Drexel</p> <p>3 on August 13th? Is that correct?</p> <p>4 A. I'm assuming I sent it.</p> <p>5 Q. You have no reason to think in looking at your</p> <p>6 notes that you did speak to Mr. Drexel before you</p> <p>7 ordered the check be issued?</p> <p>8 A. I left him a voice mail.</p> <p>9 Q. On August 13th when Harleysville approved the</p> <p>10 agreed price, did you speak with anyone aside from</p> <p>11 Mr. Powell or other representatives of Tower</p> <p>12 Insurance?</p> <p>13 A. On August 13?</p> <p>14 Q. Yes.</p> <p>15 A. I received an e-mail from Amber, who would have</p> <p>16 been in Harleysville, Pennsylvania, that the policy</p> <p>17 had been canceled.</p> <p>18 Q. We'll get to that e-mail in a second.</p> <p>19 Did you speak to anyone aside from other</p> <p>20 Harleysville employees and Tower Insurance?</p> <p>21 A. Before receiving that e-mail?</p> <p>22 Q. On August 13th before having the check sent</p> <p>23 from the accounting department, did you speak to any</p> <p>24 non-Harleysville employees aside from Tower Insurance?</p>

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54	<p>1 A. Not that I recall. No, sir.</p> <p>2 Q. And you've reviewed your adjuster notes from</p> <p>3 that day and you still believe that you didn't speak</p> <p>4 to anyone aside from Mr. Powell that does not work for</p> <p>5 Harleysville?</p> <p>6 A. I'm going to have you repeat the question one</p> <p>7 more time.</p> <p>8 Did I speak with anyone?</p> <p>9 Q. On August 13th, 2004 prior to having the check</p> <p>10 issued, did you speak to any non-Harleysville</p> <p>11 employees aside from representatives of Tower</p> <p>12 Insurance?</p> <p>13 A. Not that I recall.</p> <p>14 Q. And is there anywhere documented in your</p> <p>15 adjuster notes that you spoke with anyone aside from</p> <p>16 Tower Insurance?</p> <p>17 A. Not that I see, no, sir.</p> <p>18 Q. Now, the document marked as H-12 included a</p> <p>19 proof of loss. Is that correct?</p> <p>20 A. Yes, sir.</p> <p>21 Q. In 2004 was it Harleysville's practice to send</p> <p>22 out a check before receiving this signed release back</p> <p>23 from the, the signed proof of loss back from an</p> <p>24 insured?</p>	56	<p>1 Amber Staton to you on August 11th, 2004?</p> <p>2 A. Yes, sir.</p> <p>3 Q. Are you able to tell me when you received that</p> <p>4 e-mail?</p> <p>5 A. When I received it or when I read it?</p> <p>6 Q. Both.</p> <p>7 A. It appears I received it on the 11th.</p> <p>8 Q. And it was essentially in your in box?</p> <p>9 A. Yes, sir.</p> <p>10 Q. Your e-mail in box. Are you able to tell me</p> <p>11 when you read it?</p> <p>12 A. I'm not able to tell you when I read it.</p> <p>13 Q. Is it accurate to say that you had access to</p> <p>14 this e-mail at the time you approved the agreed price</p> <p>15 for the repairs?</p> <p>16 A. Yes. Yes, sir.</p> <p>17 Q. Is it your guess that you did not receive it</p> <p>18 before or you did not read it before issuing the</p> <p>19 check?</p> <p>20 A. That's what it appears.</p> <p>21 Q. And you know that because you would never have</p> <p>22 sent the check if you had read the e-mail, right?</p> <p>23 A. Exactly.</p> <p>24 Q. Can you explain to me what -- sometimes the</p>
55	<p>1 A. We would do it both ways, but we would send a</p> <p>2 proof of loss before sending the check or along with</p> <p>3 the check.</p> <p>4 Q. Is it accurate that Harleysville had not</p> <p>5 received a signed proof of loss by the time it issued</p> <p>6 the check in this case?</p> <p>7 A. Yes.</p> <p>8 Q. And you know that because you just sent it to</p> <p>9 them on the same day that the check was issued?</p> <p>10 A. Yes, sir.</p> <p>11 MR. BESTE: Can I have this marked as</p> <p>12 H-13?</p> <p>13 (H Deposition Exhibit No. 13 was marked</p> <p>14 for identification.)</p> <p>15 BY MR. BESTE:</p> <p>16 Q. Are you able to identify this document marked</p> <p>17 as H-13?</p> <p>18 A. It's an e-mail addressed to me from Amber</p> <p>19 Staton.</p> <p>20 Q. And you're referring to the most recent e-mail</p> <p>21 in what is an e-mail chain. Is that right?</p> <p>22 A. Yes, sir.</p> <p>23 Q. Could you look at the last e-mail on the chain?</p> <p>24 Is that, in fact, an e-mail sent from</p>	57	<p>1 questions are very simple.</p> <p>2 Can you explain to me what the first</p> <p>3 sentence means, "I have received suffix 02 to coverage</p> <p>4 verify"?</p> <p>5 A. It would appear to me, and I'm guessing, that I</p> <p>6 opened a second suffix for whatever reason and when</p> <p>7 the second suffix went through the system to be</p> <p>8 opened, that's when --</p> <p>9 Q. Someone checked the policy coverage?</p> <p>10 A. -- someone checked the policy coverage.</p> <p>11 Q. It looks like when you opened a second suffix</p> <p>12 Amber Staton verified coverage at that point?</p> <p>13 A. Yes, sir.</p> <p>14 Q. How would she do that?</p> <p>15 A. I don't know.</p> <p>16 Q. How would you do it if you had to do it?</p> <p>17 A. How would I do it?</p> <p>18 Q. Yes.</p> <p>19 A. If I were verifying coverage?</p> <p>20 Q. Right. If you got a new suffix and had to</p> <p>21 verify coverage as per the procedure, how would you do</p> <p>22 that?</p> <p>23 I'm sorry. That was a bad question.</p> <p>24 Every time you get a new suffix you have</p>

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58	<p>1 to verify policy periods and coverage. Is that right?</p> <p>2 A. No, sir. When you get a new claim, you verify</p> <p>3 coverage and forms.</p> <p>4 Q. Why would Ms. Staton be verifying coverage when</p> <p>5 she got a new suffix?</p> <p>6 A. I don't know what their procedures are.</p> <p>7 Q. She's in underwriting?</p> <p>8 A. I don't know what department she's in.</p> <p>9 Q. Do you know why you created a new suffix on the</p> <p>10 claim number?</p> <p>11 A. I don't.</p> <p>12 Q. Do you think you did it because of the expected</p> <p>13 depreciation claim?</p> <p>14 A. No, sir.</p> <p>15 Q. What other possibilities are there?</p> <p>16 A. Loss of income.</p> <p>17 Q. Mr. Drexel did have a loss of rental income</p> <p>18 aspect of this claim. Is that right?</p> <p>19 A. I don't recall, but I'm basing this on that</p> <p>20 original file notes that he had business interruption</p> <p>21 coverage.</p> <p>22 Q. And business interruption coverage would cover</p> <p>23 lost rent?</p> <p>24 A. Yes, sir.</p>	60	<p>1 would put the policy number in and would pull up the</p> <p>2 coverage screen.</p> <p>3 Q. Can you explain to me the sentence in his</p> <p>4 e-mail that says, "This policy may be canceled prior</p> <p>5 to effective date"?</p> <p>6 A. I'm not sure what you want me to explain. He's</p> <p>7 telling me that it looks like it's canceled prior to</p> <p>8 the effective date.</p> <p>9 Q. Well, he's telling you that it may be canceled</p> <p>10 prior to the effective date. Is that right?</p> <p>11 A. That's correct.</p> <p>12 Q. What governs that? What is the information</p> <p>13 that Harleysville needs to determine whether a policy</p> <p>14 may be canceled prior to effective date or not?</p> <p>15 Do you understand the question?</p> <p>16 A. No.</p> <p>17 Q. Can you explain to me when policies can be</p> <p>18 canceled prior to the effective date?</p> <p>19 A. No, sir, I can't.</p> <p>20 Q. Can you explain to me when they cannot be</p> <p>21 canceled prior to the effective date?</p> <p>22 A. I cannot.</p> <p>23 Q. Can you explain to me what the phrase</p> <p>24 "effective date" means?</p>
59	<p>1 Q. If you needed to determine why you created a</p> <p>2 new suffix, what would you need to look at? What</p> <p>3 would you need to do, if you could do it at all?</p> <p>4 A. If I needed to create a new suffix?</p> <p>5 Q. No. If I said to you why did you create this</p> <p>6 02 suffix -- you obviously don't remember, right?</p> <p>7 A. Exactly.</p> <p>8 Q. Are there any documents or materials that you</p> <p>9 could review to answer that question why you created</p> <p>10 the suffix?</p> <p>11 A. On the loss screen, on the first page of our</p> <p>12 loss screen, it shows the suffixes and I could look at</p> <p>13 that and see what suffix that I opened.</p> <p>14 Q. Do you know what's at the top when you look at</p> <p>15 the loss screen, what does it say?</p> <p>16 A. I don't recall.</p> <p>17 Q. Can you explain to me the e-mail from</p> <p>18 Mr. Riddle to yourself on August 13th, 2004 at 2:25?</p> <p>19 A. The one at 2:25?</p> <p>20 Q. Yes, ma'am.</p> <p>21 A. Danny is telling me to stop payment on the</p> <p>22 check and review the coverage.</p> <p>23 Q. How do you go about reviewing the coverage?</p> <p>24 A. The same as when I would get a new claim, I</p>	61	<p>1 A. Effective date means the date that the policy</p> <p>2 begins when the premium is paid until expiration date,</p> <p>3 effective to.</p> <p>4 Q. Are you able to tell me what the effective date</p> <p>5 with respect to Mr. Drexel's policy in 2004 was?</p> <p>6 A. When I confirmed coverage, and I can't see</p> <p>7 this (indicating), but I'm assuming it was 6-8-04 to</p> <p>8 6-8-05, but I'm assuming that.</p> <p>9 Q. But you're referring to H-2. Is that correct?</p> <p>10 I think it's H-2.</p> <p>11 A. Yes, sir.</p> <p>12 Q. I forgot a question about Ms. Staton's August</p> <p>13 11th e-mail to you.</p> <p>14 What is direct bill?</p> <p>15 A. I don't know what direct bill is.</p> <p>16 Q. You have no idea?</p> <p>17 A. No, sir.</p> <p>18 Q. Do you have any knowledge of Harleysville's</p> <p>19 billing practices or software or systems?</p> <p>20 A. As far as the claims?</p> <p>21 Q. Yes.</p> <p>22 A. I do on claims, but not --</p> <p>23 Q. How about as far as policy renewal and that</p> <p>24 type of thing?</p>

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62	<p>1 A. No, sir.</p> <p>2 Q. When you're adjusting a claim, do you have</p> <p>3 access to a direct bill system?</p> <p>4 A. I'm not exactly sure what the direct bill is on</p> <p>5 Harleysville system.</p> <p>6 Q. In 2004 did you have access to any systems or</p> <p>7 collections of information on a computer that could be</p> <p>8 termed a direct bill system, anything that fits that</p> <p>9 description?</p> <p>10 A. Possibly. You know, I don't know what the</p> <p>11 direct bill is.</p> <p>12 Q. As a claims adjuster in 2004, did you have</p> <p>13 access to any billing information if you needed it?</p> <p>14 A. Not the billing information, no, sir.</p> <p>15 Q. Would you have access to any information</p> <p>16 regarding when premium payments were received by</p> <p>17 Harleysville?</p> <p>18 A. No, sir.</p> <p>19 Q. Do you know who has access to that information?</p> <p>20 A. I would assume our underwriting department.</p> <p>21 Q. To your knowledge, when Harleysville issues a</p> <p>22 check for a loss is the underwriting department or any</p> <p>23 underwriting employees involved in that decision?</p> <p>24 A. Not that I'm aware of.</p>	64	<p>1 me did I understand that he asked me?</p> <p>2 Q. Do you have any recollection of speaking to</p> <p>3 Mr. Drexel about why it took so long?</p> <p>4 A. I don't recall.</p> <p>5 Q. Do you have any recollection after this claim</p> <p>6 was denied and Harleysville canceled the check</p> <p>7 speaking with anyone about the denial?</p> <p>8 MR. CASARINO: Let me back up a little</p> <p>9 bit. You made a comment that they canceled the check.</p> <p>10 I don't think that's accurate.</p> <p>11 Q. Could you refer to your adjuster notes at</p> <p>12 August 13th at 15:21 that we were discussing a few</p> <p>13 moments ago?</p> <p>14 A. System check was voided.</p> <p>15 Q. Harleysville canceled the check?</p> <p>16 A. Voided.</p> <p>17 MR. CASARINO: Voided.</p> <p>18 Q. What's the difference?</p> <p>19 A. Well, voided is that -- I don't know how they</p> <p>20 do it. It's voided in the system. The check never --</p> <p>21 well, I don't know if the check went out or not, to be</p> <p>22 honest with you. I don't know.</p> <p>23 Q. What's the difference between voiding a check</p> <p>24 and canceling a check? You just drew some</p>
63	<p>1 Q. Are the claims handlers required to notify any</p> <p>2 underwriting employees prior to issuing a check?</p> <p>3 A. No, sir.</p> <p>4 Q. Are claims handlers required to notify anyone</p> <p>5 else in Harleysville outside of the claims department</p> <p>6 when they issue a check before they issue a check?</p> <p>7 A. No, sir.</p> <p>8 Q. The most recent e-mail on H-13 is an e-mail</p> <p>9 from Amber Staton to you dated August 17 at 8:10 a.m.</p> <p>10 Is that correct?</p> <p>11 A. Yes, sir.</p> <p>12 Q. Can you explain Ms. Staton's comments to you?</p> <p>13 A. She's read some of the adjuster notes and</p> <p>14 trying to explain why it took so long to determine</p> <p>15 there was no coverage.</p> <p>16 Q. Do you have an understanding of why it took so</p> <p>17 long to determine that there was no coverage in this</p> <p>18 case?</p> <p>19 A. No.</p> <p>20 Q. You have no idea why it took so long?</p> <p>21 A. No.</p> <p>22 Q. You understood, however, that Mr. Drexel was</p> <p>23 asking why it took so long. Isn't that right?</p> <p>24 A. Understood from home. I mean, are you asking</p>	65	<p>1 distinction. I'm asking you what the distinction is.</p> <p>2 A. I'm assuming that if the check goes out, you</p> <p>3 cancel it.</p> <p>4 If it's still pending --</p> <p>5 Q. But if you catch it before it goes, it's</p> <p>6 voided?</p> <p>7 A. It's voided.</p> <p>8 Q. So Harleysville voided the check in this case</p> <p>9 on August 13th?</p> <p>10 A. Yes, sir.</p> <p>11 Q. And they voided the check and canceled the</p> <p>12 claim because of what?</p> <p>13 A. Because of this e-mail that we were notified</p> <p>14 that the policy had been canceled for non-payment.</p> <p>15 Q. The policy was canceled for non-payment?</p> <p>16 A. According to this e-mail.</p> <p>17 Q. Canceled for non-payment of what?</p> <p>18 A. Premium.</p> <p>19 Q. Now, you said according to this e-mail. Do you</p> <p>20 have any reason to doubt the e-mail or the fact that</p> <p>21 the policy was canceled for non-payment of premium?</p> <p>22 A. No.</p> <p>23 MR. CASARINO: I'm not sure. What are you</p> <p>24 asking her? That the e-mail was accurate or that the</p>

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66	<p>1 policy was, in fact, canceled?</p> <p>2 MR. BESTE: Can you read back the</p> <p>3 question, please?</p> <p>4 MR. CASARINO: I want to object if it's</p> <p>5 something that she didn't do.</p> <p>6 MR. BESTE: It's a pretty straightforward</p> <p>7 question.</p> <p>8 MR. CASARINO: I'm still going to object</p> <p>9 to it if you're asking her if she knows. If she</p> <p>10 didn't do it, how does she know? She can tell you</p> <p>11 what the e-mail says.</p> <p>12 (The reporter read back the pending</p> <p>13 question.)</p> <p>14 MR. CASARINO: That's two questions. What</p> <p>15 are you asking her?</p> <p>16 MR. BESTE: Does she have any reason to</p> <p>17 doubt that the policy was canceled for non-payment of</p> <p>18 premium?</p> <p>19 MR. CASARINO: Well, I'm going to object</p> <p>20 to that.</p> <p>21 MR. BESTE: That's fine. What's the</p> <p>22 basis?</p> <p>23 MR. CASARINO: The basis is you emphasized</p> <p>24 when you said that cancellation and, as you know,</p>	68	<p>1 MR. CASARINO: I have an objection to that</p> <p>2 question.</p> <p>3 MR. BESTE: What is it?</p> <p>4 MR. CASARINO: The objection is that</p> <p>5 you're asking her to give her understanding of what</p> <p>6 happened and she didn't do it.</p> <p>7 MR. BESTE: Fine.</p> <p>8 MR. CASARINO: That's the objection.</p> <p>9 BY MR. BESTE:</p> <p>10 Q. Please answer the question.</p> <p>11 A. All I can tell you is based on this e-mail. I</p> <p>12 mean, I have no reason to doubt that what they're</p> <p>13 telling me is not true.</p> <p>14 Q. Reviewing H-1, your adjuster notes, are you</p> <p>15 able to tell me why the policy was canceled?</p> <p>16 MR. CASARINO: Objection. The policy was</p> <p>17 not canceled.</p> <p>18 MR. BESTE: Maybe you would just like to</p> <p>19 speak to her out in the hall?</p> <p>20 MR. CASARINO: I'm not going to speak to</p> <p>21 her out in the hall. You can't use this person who is</p> <p>22 not underwriting to explain something --</p> <p>23 MR. BESTE: It's a very simple question.</p> <p>24 If you could please refrain from your speaking</p>
67	<p>1 Harleysville's position is it was not canceled.</p> <p>2 MR. BESTE: I don't want a speaking</p> <p>3 objection here, Mr. Casarino, and that's exactly what</p> <p>4 you're doing and I don't want to hear it.</p> <p>5 If you have an objection to the form of</p> <p>6 the question, you can note it and I don't want</p> <p>7 speaking objections and I won't tolerate it.</p> <p>8 MR. CASARINO: You can tolerate what you</p> <p>9 want. I'm putting my objection on the record.</p> <p>10 MR. BESTE: What is the objection?</p> <p>11 MR. CASARINO: And my objection on the</p> <p>12 record is you're trying to make a legal conclusion out</p> <p>13 of it and that's where I have a problem with it.</p> <p>14 If you're asking her understanding that's</p> <p>15 one thing.</p> <p>16 MR. BESTE: I'm asking her a question. Of</p> <p>17 course I'm asking her understanding.</p> <p>18 MR. CASARINO: Okay. That's different</p> <p>19 because you asked what Harleysville did. Now, her</p> <p>20 understanding --</p> <p>21 MR. BESTE: I asked her, Mr. Casarino,</p> <p>22 whether she had any reason to doubt that the policy</p> <p>23 was canceled for non-payment of premium.</p> <p>24 Do you have an objection to that question?</p>	69	<p>1 objections, I would appreciate it. You're obviously</p> <p>2 coaching the witness.</p> <p>3 MR. CASARINO: I'm not coaching the</p> <p>4 witness. I'm telling you right now our position is it</p> <p>5 was not canceled and --</p> <p>6 MR. BESTE: Your position is irrelevant to</p> <p>7 her testimony. If you have an objection, state the</p> <p>8 objection.</p> <p>9 MR. CASARINO: I just did.</p> <p>10 MR. BESTE: You're coaching her.</p> <p>11 MR. CASARINO: I'm not coaching her. I'm</p> <p>12 telling you what my objection is. I don't want you to</p> <p>13 be using her testimony for a legal conclusion if she</p> <p>14 didn't do it. It's that simple.</p> <p>15 Her understanding is one thing. What the</p> <p>16 term means is something totally different. You can</p> <p>17 ask her understanding, unless she's the one that</p> <p>18 actually did what happened.</p> <p>19 BY MR. BESTE:</p> <p>20 Q. Can you please review your notes from August</p> <p>21 13th in H-1 and tell me why the claim was not paid?</p> <p>22 A. We were notified from the home office,</p> <p>23 Harleysville, Pennsylvania, that the policy had been</p> <p>24 canceled or was no longer in effect. I don't -- you</p>

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70	<p>1 know, they weren't going to reinstate it.</p> <p>2 Q. And what are you referring to when you say</p> <p>3 that?</p> <p>4 A. I'm referring to an entry on 8-13-2004 at</p> <p>5 15:36:06, "received e-mail from Amber that policy had</p> <p>6 been canceled."</p> <p>7 Q. Can you tell me why you called underwriting to</p> <p>8 see if they were going to reinstate the policy?</p> <p>9 A. Because sometimes on occasion people pay their</p> <p>10 premium late and sometimes underwriting will accept</p> <p>11 it, a late premium, and reinstate it. I'm assuming.</p> <p>12 Q. You're assuming that's why you called?</p> <p>13 A. I called to make sure that underwriting was</p> <p>14 indeed not reinstating this policy.</p> <p>15 Q. Do you know why underwriting does and does not</p> <p>16 reinstate policies?</p> <p>17 A. No, sir, I don't.</p> <p>18 Q. Do you have any involvement in that decision?</p> <p>19 A. No, sir, I don't.</p> <p>20 Q. Can you explain the sentence "The claim was</p> <p>21 coverage verified on June 23, 2004 by claims entry</p> <p>22 which at the time was in non-pay"?</p> <p>23 A. I'm sorry. Where are you?</p> <p>24 Q. This is Ms. Staton's August 17th e-mail to you.</p>	72	<p>1 policy was in non-pay?</p> <p>2 A. Again, at the time I verified coverage I'm</p> <p>3 looking at a coverage screen and it showed the policy</p> <p>4 as being active. I don't see anything that says</p> <p>5 non-pay.</p> <p>6 I don't, I don't have access to something</p> <p>7 that says non-pay that I'm aware of.</p> <p>8 Q. Now, the second-to-last sentence in</p> <p>9 Ms. Staton's e-mail says, and I'll read it to you, the</p> <p>10 policy confirmed canceled on July 7, 2004 effective</p> <p>11 for June 30, 2004.</p> <p>12 MR. CASARINO: I think you may have</p> <p>13 misread that.</p> <p>14 Q. Do you know the sentence I'm referring to?</p> <p>15 A. Yes, sir.</p> <p>16 Q. Can you please read it and explain it to me?</p> <p>17 A. "The policy confirmed cancellation on 7/6/04</p> <p>18 effective for 6/30/04." I cannot explain that to you.</p> <p>19 Q. What does the phrase "effective for 6/30/04"</p> <p>20 mean?</p> <p>21 A. It would have been effective on 6-30-04.</p> <p>22 Q. What would have been effective on 6-30-04?</p> <p>23 A. The policy.</p> <p>24 Q. The policy cancellation?</p>
71	<p>1 A. You're going to have to repeat the question.</p> <p>2 I'm sorry.</p> <p>3 Q. Do you see the sentence that begins "The claim</p> <p>4 was coverage verified on June 23rd"?</p> <p>5 A. Yes, sir.</p> <p>6 Q. And you received that e-mail?</p> <p>7 A. Yes, sir.</p> <p>8 Q. What does that sentence mean to you? What does</p> <p>9 it mean?</p> <p>10 A. That sentence means to me that at the time I</p> <p>11 verified coverage that it was showing active.</p> <p>12 Q. And you say that because of the</p> <p>13 phrase "coverage verified on June 23rd"?</p> <p>14 A. Yes.</p> <p>15 Q. Can you explain to me the last part of the</p> <p>16 sentence which says, "which at the time was in</p> <p>17 non-pay"?</p> <p>18 A. No, sir, I can't explain that.</p> <p>19 Q. What does the phrase "non-pay" mean to you?</p> <p>20 A. That means that the premium wasn't paid, to my</p> <p>21 understanding.</p> <p>22 Q. When you were adjusting this claim would you</p> <p>23 have access to any information or files or computer</p> <p>24 systems that would have told you whether a particular</p>	73	<p>1 A. I don't know. She's sending this to me. I</p> <p>2 don't know what she's telling me, to be honest with</p> <p>3 you. I don't have anything to do with underwriting.</p> <p>4 I don't know how they do it. What their terms -- I</p> <p>5 don't know.</p> <p>6 Q. Is June 30th, 2004 after the loss in this case?</p> <p>7 A. I believe it is.</p> <p>8 MR. BESTE: Can I have this marked as 14?</p> <p>9 (H Deposition Exhibit No. 14 was marked</p> <p>10 for identification.)</p> <p>11 BY MR. BESTE:</p> <p>12 Q. Are you able to identify that document marked</p> <p>13 as H-14?</p> <p>14 A. Not really, no.</p> <p>15 Q. Have you ever seen a document or a computer</p> <p>16 screen that looks like H-14?</p> <p>17 A. Not that I recall.</p> <p>18 Q. Are you able to tell me whether the information</p> <p>19 reflected on H-14 pertains to the loss at issue or</p> <p>20 Mr. Drexel's policy?</p> <p>21 A. Maybe if I could see this policy number I could</p> <p>22 tell you, but it doesn't have his name on here so --</p> <p>23 MR. CASARINO: The policy number is on the</p> <p>24 second page.</p>

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74	<p>1 Q. You can tell what the policy number is by</p> <p>2 looking at this document, correct?</p> <p>3 A. Yes, sir.</p> <p>4 Q. But you can't tell whether it pertains to</p> <p>5 Mr. Drexel's claim?</p> <p>6 A. Correct.</p> <p>7 Q. But the policy or account number is M, as in</p> <p>8 Mary, P, as in Peter, A, as in Adam, 812988?</p> <p>9 A. That's correct.</p> <p>10 Q. And to your knowledge, you don't have access to</p> <p>11 any computer information at Harleysville that would</p> <p>12 show you this information?</p> <p>13 A. No, sir, not that I'm aware of.</p> <p>14 MR. BESTE: H-15.</p> <p>15 (H Deposition Exhibit No. 15 was marked</p> <p>16 for identification.)</p> <p>17 BY MR. BESTE:</p> <p>18 Q. Are you able to identify this document?</p> <p>19 A. It's an e-mail sent to me.</p> <p>20 Q. By whom?</p> <p>21 A. Robert Southard.</p> <p>22 Q. Who is Mr. Southard?</p> <p>23 A. I don't know.</p> <p>24 Q. Do you recall getting this e-mail?</p>	76	<p>1 received any payment since I sent a cancellation</p> <p>2 notice to the insured.</p> <p>3 Q. And the e-mail, the exact words are "The</p> <p>4 captioned policy was canceled for non-payment." Is</p> <p>5 that right?</p> <p>6 A. That's what it says.</p> <p>7 MR. CASARINO: I think it might be time</p> <p>8 for a short break.</p> <p>9 MR. BESTE: Sure.</p> <p>10 (A brief recess was taken.)</p> <p>11 MR. BESTE: Can we have this marked as</p> <p>12 H-16?</p> <p>13 (H Deposition Exhibit No. 16 was marked</p> <p>14 for identification.)</p> <p>15 MR. BESTE: Do you know what? I'm going</p> <p>16 to add a page to Exhibit 16. It's actually, I</p> <p>17 believe, another copy of the same letter. Let me grab</p> <p>18 a staple.</p> <p>19 MR. CASARINO: That's okay. I just want</p> <p>20 to see what it is.</p> <p>21 This is Harleysville's copy. Okay.</p> <p>22 MR. BESTE: Let me staple them together</p> <p>23 just so they don't get separated.</p> <p>24 Sorry about that.</p>
75	<p>1 A. No, sir, I don't.</p> <p>2 Q. Would you please review your adjuster remark</p> <p>3 from August 13 at 15:36? The last sentence in</p> <p>4 particular.</p> <p>5 A. (Reviewing document) I asked Brooke to have</p> <p>6 the underwriting manager to e-mail me to confirm that</p> <p>7 they weren't going to reinstate this policy.</p> <p>8 Q. Was that Brooke Beauman, to your knowledge?</p> <p>9 A. I'm assuming, yes.</p> <p>10 Q. Are you able to tell from your adjuster notes</p> <p>11 whether you ever received an e-mail confirming</p> <p>12 anything?</p> <p>13 A. Other than Danny's entry here that underwriting</p> <p>14 has provided us their official position on this policy</p> <p>15 that they're not going to reinstate.</p> <p>16 Q. Do you think that this e-mail from Mr. Southard</p> <p>17 is an e-mail from the underwriting department?</p> <p>18 A. Yes, sir.</p> <p>19 Q. Do you recall reading this e-mail?</p> <p>20 A. I'm sure I did, but I don't know.</p> <p>21 Q. Can you tell me what this e-mail meant to you?</p> <p>22 What were you being told?</p> <p>23 A. I was being told that the policy was not going</p> <p>24 to be reinstated and that Harleysville had not</p>	77	<p>1 BY MR. BESTE:</p> <p>2 Q. Are you able to identify the document marked as</p> <p>3 H-16?</p> <p>4 A. It looks like a letter I sent to Layne Drexel.</p> <p>5 Q. And in that letter you informed Mr. Drexel that</p> <p>6 his, quote, policy was canceled for non-payment of</p> <p>7 premium, unquote?</p> <p>8 A. Yes, sir.</p> <p>9 Q. How did you choose that language, that</p> <p>10 particular language?</p> <p>11 A. I don't recall.</p> <p>12 Q. Are you able to tell when Harleysville canceled</p> <p>13 for non-payment of premium as you indicate in the</p> <p>14 letter, when the actual cancellation occurred?</p> <p>15 A. It looks like they went back to his effective</p> <p>16 date of 6-8-04.</p> <p>17 Q. I'm asking you when did Harleysville cancel the</p> <p>18 policy?</p> <p>19 MR. CASARINO: I object to that. She's</p> <p>20 not underwriting.</p> <p>21 A. I don't...</p> <p>22 Q. You can't tell from your adjuster note what</p> <p>23 date that occurred?</p> <p>24 A. (Reviewing document) You obviously know</p>

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79	<p>1 from September 7th at 13:38 to me?</p> <p>2 A. (Pause).</p> <p>3 Q. Particularly the sentence "I am awaiting on</p> <p>4 PLRB response."</p> <p>5 What does that mean?</p> <p>6 A. PLRB is the Property Loss Research Bureau.</p> <p>7 It's a group of attorneys that do research on</p> <p>8 insurance claims and I had e-mailed them. Obviously,</p> <p>9 I was waiting for them to respond to me.</p> <p>10 Q. Does that entity or group of attorneys serve as</p> <p>11 Harleysville's attorneys?</p> <p>12 A. No, sir. It's just a group out there. It's</p> <p>13 not an official attorney rep. It's that you ask them</p> <p>14 a property question and they do research and...</p> <p>15 Q. Okay. So you sent -- what's the name of the</p> <p>16 entity?</p> <p>17 A. PLRB, Property Loss Research Bureau.</p> <p>18 Q. You sent the Property Loss Research Bureau an</p> <p>19 e-mail on September 3rd, 2004?</p> <p>20 A. According to my adjuster remarks, yes, sir.</p> <p>21 Q. And that is not Harleysville's attorneys?</p> <p>22 A. No, sir. That's a research bureau that we use</p> <p>23 to ask a question.</p> <p>24 MR. BESTE: Do you know why that document</p>	81	<p>1 A. I received an e-mail saying that they were</p> <p>2 still researching my question.</p> <p>3 Q. Are you able to tell from your adjuster notes</p> <p>4 whether you ever received a response from PLRB?</p> <p>5 A. No, sir, I can't.</p> <p>6 Q. Do you have any reason to believe after</p> <p>7 reviewing your adjuster notes that you received a</p> <p>8 response?</p> <p>9 A. It doesn't appear that I did.</p> <p>10 Q. Can you go back to H-15, please?</p> <p>11 Does H-15 contain a policy number</p> <p>12 pertaining to Mr. Drexel's policy with Harleysville</p> <p>13 Insurance?</p> <p>14 A. Yes, sir.</p> <p>15 Q. And what is that number?</p> <p>16 A. MPA 812988.</p> <p>17 Q. Could you please compare H-16 and that policy</p> <p>18 number with the documents marked H-6 and H-14 and tell</p> <p>19 me whether those documents pertain to the same policy</p> <p>20 number that we're discussing here today?</p> <p>21 A. H-6 and H-14?</p> <p>22 Q. 6 and 14, please.</p> <p>23 A. It appears to be the same.</p> <p>24 Q. Getting back to H-16, your letter of September</p>

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82	<p>1 14th, the sentence "The effective date of cancellation</p> <p>2 was 6/8/04," are you able to tell me from where you</p> <p>3 took that date?</p> <p>4 A. I don't recall.</p> <p>5 Q. If you had to determine when an effective date</p> <p>6 of cancellation was, what would you look at, what</p> <p>7 part of the claim file or Harleysville computer</p> <p>8 system?</p> <p>9 A. I would have gotten that date from our</p> <p>10 underwriting department.</p> <p>11 Q. In what manner? How would you have --</p> <p>12 A. Possibly by e-mail.</p> <p>13 Q. And you say that because that decision is made</p> <p>14 by underwriting, correct?</p> <p>15 A. Yes, sir.</p> <p>16 Q. Does the claims department have any authority</p> <p>17 to determine when the effective date of the</p> <p>18 cancellation is?</p> <p>19 A. No, sir.</p> <p>20 MR. BESTE: Can I have this marked as</p> <p>21 H-17, please?</p> <p>22 (H Deposition Exhibit No. 17 was marked</p> <p>23 for identification.)</p> <p>24</p>	84	<p>1 MR. BESTE: Can I have this marked as</p> <p>2 H-18, please?</p> <p>3 (H Deposition Exhibit No. 18 was marked</p> <p>4 for identification.)</p> <p>5 BY MR. BESTE:</p> <p>6 Q. Can you identify this document?</p> <p>7 A. No, sir.</p> <p>8 Q. Have you ever seen a document like that before?</p> <p>9 A. No, sir.</p> <p>10 Q. Does it appear to be a Harleysville document?</p> <p>11 A. Yes, sir.</p> <p>12 Q. Does it appear to pertain to Mr. Drexel's</p> <p>13 policy?</p> <p>14 A. (Pause).</p> <p>15 Q. Just to speed things along, there's a policy</p> <p>16 number right under the phrase Notice Of Reinstatement</p> <p>17 about halfway down.</p> <p>18 A. Oh, okay. Yes.</p> <p>19 Q. It's hard to find.</p> <p>20 A. Yes. I was looking for it. Yeah.</p> <p>21 Q. Are you able to tell when this document was</p> <p>22 sent by Harleysville?</p> <p>23 A. No. No, sir.</p> <p>24 MR. CASARINO: There's a date, there's a</p>
83	<p>1 BY MR. BESTE:</p> <p>2 Q. Can you tell me what this document is, please?</p> <p>3 A. It's an e-mail addressed to me.</p> <p>4 Q. From?</p> <p>5 A. Vincent Bracco.</p> <p>6 Q. B-r-a-c-c-o?</p> <p>7 A. Yes, sir.</p> <p>8 Q. Can you tell me what the purpose of this e-mail</p> <p>9 is?</p> <p>10 A. I don't recall. I don't recall.</p> <p>11 Q. Does the phrase "remittance processing" mean</p> <p>12 anything to you?</p> <p>13 A. No, sir.</p> <p>14 Q. To your knowledge, does Harleysville have a</p> <p>15 remittance processing department or other structure?</p> <p>16 A. I would assume so by this e-mail.</p> <p>17 Q. But you're not sure?</p> <p>18 A. No, sir.</p> <p>19 Q. Can you tell me why you and Mr. Bracco were</p> <p>20 discussing the issues reflected in that e-mail?</p> <p>21 A. It appears I was asking him something about an</p> <p>22 envelope.</p> <p>23 Q. Do you know why you were asking him about that?</p> <p>24 A. No, sir.</p>	85	<p>1 date that appears there. Is that what you want?</p> <p>2 MR. BESTE: Sure.</p> <p>3 BY MR. BESTE:</p> <p>4 Q. It bears a date of June 8, 2000. Is that</p> <p>5 correct?</p> <p>6 A. Yes.</p> <p>7 Q. Although that June 8th date has other</p> <p>8 significance with respect to Mr. Drexel's policy,</p> <p>9 doesn't it?</p> <p>10 MR. CASARINO: June 8th of 2000?</p> <p>11 MR. BESTE: Yes.</p> <p>12 BY MR. BESTE:</p> <p>13 Q. Isn't that, in fact, his annual renewal date,</p> <p>14 June 8th?</p> <p>15 A. I would assume so, June 8th.</p> <p>16 Q. Have you ever heard the phrase non-payment</p> <p>17 provision?</p> <p>18 A. I don't recall.</p> <p>19 Q. Are you aware of any provisions that</p> <p>20 Harleysville uses in its policy forms regarding</p> <p>21 whether advanced notice of cancellation is required</p> <p>22 when Harleysville cancels a policy?</p> <p>23 A. I don't know.</p> <p>24 Q. It's fair to say with respect to Mr. Drexel's</p>

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86	<p>1 claim that Harleysville has refused to pay the claim?</p> <p>2 Is that accurate?</p> <p>3 A. Yes, sir.</p> <p>4 Q. At any time that you can recall did you attempt</p> <p>5 to determine whether that refusal was justified under</p> <p>6 the language of Mr. Drexel's policy?</p> <p>7 A. When you refer to "the language of Mr. Drexel's</p> <p>8 policy," are you referring to his policy forms? I'm</p> <p>9 not sure I understand your question because in the</p> <p>10 claims department I refer to policy forms.</p> <p>11 Q. What would you have to do as a claims</p> <p>12 representative in 2004 to get a copy of the actual</p> <p>13 insurance contract between Harleysville and its</p> <p>14 insured as opposed to the forms?</p> <p>15 A. I would have to request it from underwriting.</p> <p>16 Q. To your knowledge, did you ever review any of</p> <p>17 the policy terms in this case, in this claim?</p> <p>18 A. As far as the underwriting file?</p> <p>19 Q. No. As far as your involvement in the claim as</p> <p>20 a claims adjuster, to your knowledge did you ever</p> <p>21 review any policy provisions to determine whether</p> <p>22 Harleysville's refusal to pay the claim was justified</p> <p>23 or authorized by the language?</p> <p>24 A. No, sir.</p>	88	<p>1 must have if your handwriting was on it. Isn't that</p> <p>2 true?</p> <p>3 A. Yes, sir.</p> <p>4 Q. Okay. But you don't remember writing on this</p> <p>5 document or reviewing this document?</p> <p>6 A. No, sir.</p> <p>7 Q. Is there anything in here that would allow you</p> <p>8 to tell me when you made those notations on H-19?</p> <p>9 A. I don't recall.</p> <p>10 Q. My name is on there. Is that correct?</p> <p>11 A. Yes, sir.</p> <p>12 Q. Is that your handwriting also? All of it is</p> <p>13 your handwriting?</p> <p>14 A. I think so, yes.</p> <p>15 Q. So it's safe to say that that handwriting</p> <p>16 post-dates my involvement in the case?</p> <p>17 A. Yes, sir.</p> <p>18 Q. Are you able to tell me whether these five</p> <p>19 pages pertain to the claim at issue in this case?</p> <p>20 A. The claim issue?</p> <p>21 Q. The claim at issue here, Mr. Drexel's file.</p> <p>22 A. It appears so, yes, sir.</p> <p>23 Q. You can tell that because of the policy number</p> <p>24 in the top left-hand corner?</p>
87	<p>1 Q. Do you ever do that?</p> <p>2 A. No, sir.</p> <p>3 Q. And to your knowledge, you never have as long</p> <p>4 as you have been employed at Harleysville?</p> <p>5 A. Not that I recall.</p> <p>6 Q. The last document.</p> <p>7 MR. BESTE: I believe it's H-19, please.</p> <p>8 (H Deposition Exhibit No. 19 was marked</p> <p>9 for identification.)</p> <p>10 BY MR. BESTE:</p> <p>11 Q. Are you able to identify that document?</p> <p>12 A. I think it's just -- not really. I mean, it's</p> <p>13 not something that I would look at in the claims</p> <p>14 department.</p> <p>15 Q. Do you know what a commercial lines system is?</p> <p>16 A. I know what a commercial package is.</p> <p>17 Commercial lines writes commercial policies.</p> <p>18 Q. Is that your handwriting on the first page?</p> <p>19 A. Maybe.</p> <p>20 Q. It could be?</p> <p>21 A. I think it is, yeah.</p> <p>22 Q. You think it is?</p> <p>23 A. Uh-huh.</p> <p>24 Q. Do you have access to this information? You</p>	89	<p>1 A. Yes, sir.</p> <p>2 Q. Now, on the first page do you see the entries</p> <p>3 are listed by number, 01, 02, 03, 04, 05?</p> <p>4 A. Yes, sir.</p> <p>5 Q. Number 01, can you tell me what that entry is?</p> <p>6 A. Are you looking at the top here (indicating)?</p> <p>7 Q. Yes. The first line, 01, the date is July 7,</p> <p>8 '04.</p> <p>9 A. Can I tell you what that is? This appears to</p> <p>10 be an audit trail, but I can't tell you what that</p> <p>11 means.</p> <p>12 Q. Do you have access to audit trails as a claims</p> <p>13 representative?</p> <p>14 A. I have access, yes, sir.</p> <p>15 Q. Why would you, in 2004 why would you go into an</p> <p>16 audit trail with respect to a policy or claim?</p> <p>17 A. I don't recall.</p> <p>18 Q. There's an entry here from July 7th, 2004. Is</p> <p>19 that correct?</p> <p>20 A. July 7th?</p> <p>21 Q. July 6th. I'm sorry. Sorry.</p> <p>22 A. Yes, sir.</p> <p>23 Q. As a claims representative working for</p> <p>24 Harleysville on July 7th, 2004, July 6th, 2004, would</p>

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<p style="text-align: right;">90</p> <p>1 you have had access to this audit trail that we're</p> <p>2 looking at?</p> <p>3 A. On July 6th?</p> <p>4 Q. Yes.</p> <p>5 A. Would I have had access? I don't know.</p> <p>6 Q. Why do you say you don't know?</p> <p>7 A. I don't know when they enter this. I don't</p> <p>8 know if it would have appeared on that date, July 6th.</p> <p>9 Q. Do you know how long it takes an entry to</p> <p>10 appear on an audit trail?</p> <p>11 A. No, sir, I don't.</p> <p>12 Q. Does it take a couple of days at most or are we</p> <p>13 talking weeks?</p> <p>14 A. I have no idea how long.</p> <p>15 Q. Are you able to tell when the entry was</p> <p>16 actually made into the audit trail?</p> <p>17 A. To be honest with you, no. No.</p> <p>18 Q. Doesn't it appear that it was made on July 6th,</p> <p>19 2004?</p> <p>20 A. It appears.</p> <p>21 Q. And if you go all the way to the right there,</p> <p>22 it says CNISS. Is that right?</p> <p>23 A. That's correct.</p> <p>24 Q. What does that grouping of letters mean to you?</p>	<p style="text-align: right;">92</p> <p>1 representatives of Tower Insurance or Booth</p> <p>2 Restorations after Harleysville refused to pay for the</p> <p>3 damage in this case?</p> <p>4 A. I don't recall conversations.</p> <p>5 Q. So you don't recall any conversations with</p> <p>6 George Powell after Harleysville refused to pay?</p> <p>7 A. No, sir.</p> <p>8 Q. And you don't recall any conversations with</p> <p>9 Mr. Booth or any representative of Booth Associates</p> <p>10 after Harleysville refused to pay?</p> <p>11 A. I don't recall speaking with them at all.</p> <p>12 Q. You were the primary claims handler on this</p> <p>13 claim for Harleysville?</p> <p>14 A. Yes, sir.</p> <p>15 Q. Do you think that it's likely that you would</p> <p>16 have spoken to representatives of the independent</p> <p>17 adjuster or the contractor after Harleysville refused</p> <p>18 to pay the claim?</p> <p>19 A. As I said, I don't recall speaking to the</p> <p>20 contractor at all.</p> <p>21 Q. Do you recall crying on the telephone when</p> <p>22 speaking to anyone about this particular claim?</p> <p>23 A. No, sir.</p> <p>24 Q. Do you recall being upset about Harleysville's</p>
<p style="text-align: right;">91</p> <p>1 A. I don't know.</p> <p>2 Q. If you would please look at page 4 and tell me</p> <p>3 what the box in the middle of that page is.</p> <p>4 A. It says, "Cancellation Issue."</p> <p>5 Q. So that box, in fact, shows that the group of</p> <p>6 letters CNISS means cancellation issue?</p> <p>7 MR. CASARINO: Objection.</p> <p>8 Q. You can answer.</p> <p>9 You can answer.</p> <p>10 A. That appears so, yes.</p> <p>11 Q. Going back to page 1, there's a column marked</p> <p>12 OPER-ID.</p> <p>13 Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. Do you know what those numbers represent? I'm</p> <p>16 sorry. Those numbers and letters represent?</p> <p>17 A. No, sir, I don't.</p> <p>18 Q. Do they look like employee numbers?</p> <p>19 A. I don't know.</p> <p>20 Q. During the process of adjusting a claim in</p> <p>21 2004, is there any reason you would have been required</p> <p>22 by Harleysville to look at an audit trail?</p> <p>23 A. No, sir.</p> <p>24 Q. Do you recall having any conversations with</p>	<p style="text-align: right;">93</p> <p>1 refusal to pay this particular claim?</p> <p>2 A. I'm going to answer that I wasn't upset at</p> <p>3 Harleysville's refusal to pay the claim.</p> <p>4 Q. Can you explain that to me?</p> <p>5 A. I was upset that -- I don't know.</p> <p>6 Q. I understand that you're in a tough position to</p> <p>7 answer that question, but if you could please try to</p> <p>8 explain what you mean, I would appreciate it. You</p> <p>9 were upset about something.</p> <p>10 A. I was upset that I was not notified that the</p> <p>11 policy was going to be non-renewed, not reinstated</p> <p>12 until the point that I was ready to pay. That's what</p> <p>13 I was upset about.</p> <p>14 Q. And you were upset because other people at</p> <p>15 Harleysville had knowledge of the cancellation or</p> <p>16 expiration, whatever you want to term it, long before</p> <p>17 you were informed of that?</p> <p>18 A. I don't know that for a fact if they knew it</p> <p>19 long before.</p> <p>20 Q. But you do know that they knew it before you</p> <p>21 knew?</p> <p>22 A. I know that they told me, they notified me that</p> <p>23 the policy was no longer in effect and this was after</p> <p>24 the fact that I had confirmed coverage in the</p>

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94	<p>1 beginning.</p> <p>2 Q. Do you know when that occurred, when they told</p> <p>3 you that?</p> <p>4 A. Around the 13th of August.</p> <p>5 Q. You verified coverage right after the fire when</p> <p>6 you got the claim, correct?</p> <p>7 A. Yes, sir.</p> <p>8 Q. And you were notified on August 13th that</p> <p>9 Harleysville would not pay the claim, correct?</p> <p>10 A. Yes, sir.</p> <p>11 Q. I don't understand why you were upset. Can you</p> <p>12 explain that to me in a little bit more detail?</p> <p>13 A. No, sir.</p> <p>14 Q. Were you upset that the Harleysville computer</p> <p>15 system told you that coverage was in place when you</p> <p>16 first verified it when you got the claim?</p> <p>17 A. Possibly, yes.</p> <p>18 Q. Did you feel that you should have been aware</p> <p>19 that Harleysville had not received the premium payment</p> <p>20 while you were adjusting this claim?</p> <p>21 A. Yes, sir.</p> <p>22 Q. Do you know when Harleysville first became</p> <p>23 aware that the premium had not been received?</p> <p>24 A. No, sir.</p>	96	<p>1 Q. Are any of the other notations your</p> <p>2 handwriting?</p> <p>3 A. The name of the bank is my handwriting.</p> <p>4 Q. Do you have any recollection of why you were</p> <p>5 writing the name of the bank there?</p> <p>6 A. No, sir.</p> <p>7 Q. Did I hand you both of them? I'm sorry.</p> <p>8 Here it is. I'm going to show you H-16,</p> <p>9 the second page of it. Are you able to identify any</p> <p>10 of the handwriting on the postal card?</p> <p>11 A. No, sir.</p> <p>12 Q. You don't think that these digits at the bottom</p> <p>13 starting with 7002 is your handwriting?</p> <p>14 A. No, sir.</p> <p>15 Q. If you give me one minute, I think that's all I</p> <p>16 have.</p> <p>17 I lied. I'm going to hand you H-5, if you</p> <p>18 can tell me whether that's your handwriting, please.</p> <p>19 A. It looks like this claim number is my</p> <p>20 handwriting, yes, this SO530739.</p> <p>21 Q. Is that the claim number that we have been</p> <p>22 discussing today, Mr. Drexel's fire?</p> <p>23 A. I think so, yes.</p> <p>24 Q. Are you able to identify the handwriting on</p>
95	<p>1 Q. You only know that you were not notified until</p> <p>2 August 13th. Is that correct?</p> <p>3 A. That's correct.</p> <p>4 Q. Was anyone else at Harleysville upset about</p> <p>5 anything regarding this claim?</p> <p>6 A. Not that I'm aware of.</p> <p>7 Q. Did you express any of your sentiment to any of</p> <p>8 your supervisors?</p> <p>9 A. I don't recall.</p> <p>10 Q. Are there any steps that you take now to</p> <p>11 prevent this from happening again?</p> <p>12 A. No, sir.</p> <p>13 Q. Two more questions I forgot to ask you when I</p> <p>14 went through these.</p> <p>15 I'm going to show you H-2 again. There is</p> <p>16 some handwriting on H-2. Are you able to identify any</p> <p>17 of that handwriting?</p> <p>18 A. This is my handwriting that says "100 percent</p> <p>19 co-insurance."</p> <p>20 The "R/C" would be replacement cost.</p> <p>21 Q. What does the phrase "100 percent co-insurance"</p> <p>22 mean to you?</p> <p>23 A. He's insured to value at 100 percent. He has</p> <p>24 to be insured to value at 100 percent.</p>	97	<p>1 H-14?</p> <p>2 A. No, sir.</p> <p>3 Q. I'm sorry. It was no?</p> <p>4 A. No.</p> <p>5 Q. How about H-15?</p> <p>6 A. It looks like my handwriting.</p> <p>7 MR. BESTE: That's all I have. Thank you</p> <p>8 very much.</p> <p>9 THE WITNESS: Thank you.</p> <p>10 BY MR. CASARINO:</p> <p>11 Q. Sherry, just a couple of questions.</p> <p>12 When you first got the assignment and you</p> <p>13 said you checked on the computer, what exactly were</p> <p>14 you told about the policy? You used the word "active"</p> <p>15 before.</p> <p>16 A. There's a coverage screen and there will be the</p> <p>17 effective dates across the top and then to the bottom</p> <p>18 left of the screen, the coverage screen, on the very</p> <p>19 first page it will have if the policy is active, it</p> <p>20 will have active. If it's non-renewed, it will say</p> <p>21 non-renewed.</p> <p>22 If it's -- you know.</p> <p>23 Q. If it's canceled, will it say canceled?</p> <p>24 A. It will say canceled.</p>

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98	<p>1 Q. And in this case it said active?</p> <p>2 A. It said active.</p> <p>3 Q. Now, you were asked about an agreed price</p> <p>4 between Harleysville and a contractor, but you said</p> <p>5 you don't authorize the repairs; repairs have to be</p> <p>6 done by the insured.</p> <p>7 A. Yes, sir.</p> <p>8 Q. When the check goes out, is it made payable to</p> <p>9 the insured?</p> <p>10 A. Yes, sir.</p> <p>11 Q. Do you put the contractor on the check?</p> <p>12 A. If we have an authorization to add their name,</p> <p>13 we'll put them on the check.</p> <p>14 Q. Otherwise, you don't?</p> <p>15 A. Right, we don't.</p> <p>16 Q. You don't care if the insured has the property</p> <p>17 repaired or not, do you?</p> <p>18 A. That's correct. I don't care.</p> <p>19 Q. Now, you said that the check was issued. I'm</p> <p>20 not sure exactly what you do when you authorize the</p> <p>21 check be issued.</p> <p>22 Do you send the check out?</p> <p>23 A. On this one I would have, because it's over my</p> <p>24 authority, I would have put a check request in and it</p>	100	<p>1 cancel the check.</p> <p>2 Q. It's a word you use in the adjusting</p> <p>3 department?</p> <p>4 A. Yes, sir.</p> <p>5 Q. Is that what you're saying?</p> <p>6 A. Yes, sir.</p> <p>7 Q. But the reason that Harleysville may have</p> <p>8 terminated this policy is something that comes out of</p> <p>9 underwriting?</p> <p>10 A. Yes, sir.</p> <p>11 MR. CASARINO: I have nothing else.</p> <p>12 BY MR. BESTE:</p> <p>13 Q. I promise only a few follow-up questions.</p> <p>14 If you could look at -- I'm not sure what</p> <p>15 exhibit it is.</p> <p>16 I'm going to hand you H-8. I believe we</p> <p>17 have identified this as an interim report from Tower</p> <p>18 Insurance to you at Harleysville. Is that correct?</p> <p>19 A. Yes.</p> <p>20 Q. Will you please turn to page 412?</p> <p>21 Can you identify that document?</p> <p>22 A. That's an authorization to include G. S. Booth</p> <p>23 on the check.</p> <p>24 Q. And it appears to be signed by Mr. Drexel,</p>
99	<p>1 would have had to have been approved by Danny and then</p> <p>2 entered into the system by one of our clerical people.</p> <p>3 Q. But then what happens? Do you sign the check?</p> <p>4 A. No. It generates out of Harleysville,</p> <p>5 Pennsylvania's processing center.</p> <p>6 Q. So you just put in an authorization for it, but</p> <p>7 you don't actually do the sending yourself?</p> <p>8 A. Exactly.</p> <p>9 Q. Now, the letter that you sent to Mr. Drexel,</p> <p>10 the one dated September 14, 2004, I think you</p> <p>11 indicated that was because of the note from</p> <p>12 Mr. Riddle?</p> <p>13 A. Yes, sir.</p> <p>14 Q. Now, his note doesn't say canceled on it,</p> <p>15 unless I'm looking at it wrong, and you used the word</p> <p>16 canceled.</p> <p>17 In particular, is there a reason why you</p> <p>18 used that word?</p> <p>19 A. Canceled is it's canceled. It's just a</p> <p>20 generic. You know, I don't know if it wasn't</p> <p>21 reinstated or -- you know.</p> <p>22 Q. It's a word that you --</p> <p>23 A. We use cancel just like cancel the check, you</p> <p>24 know, where we actually voided the check. We didn't</p>	101	<p>1 correct?</p> <p>2 A. Yes.</p> <p>3 Q. And this authorizes Harleysville to write a</p> <p>4 check to G. S. Booth & Associates, Inc., correct?</p> <p>5 A. No, sir. It's an authorization to make the</p> <p>6 check payable to Layne Drexel and G. S. Booth &</p> <p>7 Associates.</p> <p>8 Q. Jointly?</p> <p>9 A. Yes, sir.</p> <p>10 Q. And you received this authorization from</p> <p>11 Mr. Powell?</p> <p>12 A. Yes, sir.</p> <p>13 Q. You mentioned a moment ago that above a certain</p> <p>14 amount you have to get authority from Mr. Riddle to</p> <p>15 pay a claim?</p> <p>16 A. Yes, sir.</p> <p>17 Q. In 2004 what was that amount?</p> <p>18 A. I believe it was 25,000.</p> <p>19 MR. BESTE: That's all I have.</p> <p>20 BY MR. CASARINO:</p> <p>21 Q. Even if the check were within your limits of</p> <p>22 25,000, do you still write that check or does it go to</p> <p>23 Harleysville, Pennsylvania?</p> <p>24 A. I would have entered the check in the system</p>

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102	<p>1 the same as the clerical people. It would have been 2 sent the same way. 3 Q. So it would have gone up to Harleysville, 4 someone would have signed it and sent it from there? 5 A. It would have come out of our processing 6 center, our accounting center in Harleysville, 7 Pennsylvania. 8 MR. CASARINO: Okay. We'll read. 9 (Deposition concluded at 1:10 p.m.) 10 11 INDEX 12 DEPONENT: SHERRY CLODFELTER PAGE 13 Examination by Mr. Beste 2 14 Examination by Mr. Casarino 97 15 Examination by Mr. Beste 100 16 Examination by Mr. Casarino 101 17 18 EXHIBITS 19 H DEPOSITION EXHIBITS MARKED 20 1 Document Bates stamp numbered DR 0203- 21 0207 12 22 2 Document Bates stamp numbered DR 0161- 23 0162 22 24 3 Document Bates stamp numbered DR 0463- 0464 24 4 Document Bates stamp numbered P000086 27 5 Document Bates stamp numbered DR 0167 30</p>	104
103	<p>1 H DEPOSITION EXHIBITS MARKED 2 6 Document Bates stamp numbered DR 0185 31 3 7 Document captioned "Confirmation Of 4 Termination" with attachment 53 5 8 Document Bates stamp numbered DR 0368- 6 0455 33 7 9 Document Bates stamp numbered P0000016- 8 18 37 9 10 Document Bates stamp numbered DR 0214- 10 0223 38 11 11 Document Bates stamp numbered DR 0346 46 12 12 Document Bates stamp numbered DR 0331- 13 0333 49 14 13 Document Bates stamp numbered DR 0209- 15 0210 55 16 14 Document Bates stamp numbered DR 0563- 17 0564 73 18 15 Document Bates stamp numbered DR 0211 74 19 16 Document Bates stamp numbered P000021 and 20 DR0208 76 21 17 Document Bates stamp numbered DR 0465 82 22 18 Document Bates stamp numbered P000139 84 23 19 Document Bates stamp numbered DR 0195- 24 0199 87 ERRATA SHEET/DEPONENT'S SIGNATURE PAGE 104 CERTIFICATE OF REPORTER PAGE 105</p>	105

REPLACE THIS PAGE
WITH THE ERRATA SHEET
AFTER IT HAS BEEN
COMPLETED AND SIGNED
BY THE DEPONENT.

1 State of Delaware)
2)
3 New Castle County)
4
5

CERTIFICATE OF REPORTER

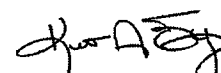
I, Kurt A. Fetzer, Registered Diplomate
Reporter and Notary Public, do hereby certify that
there came before me on Thursday, August 30, 2007, the
deponent herein, SHERRY CLODFELTER, who was duly sworn
by me and thereafter examined by counsel for the
respective parties; that the questions asked of said
deponent and the answers given were taken down by me
in Stenotype notes and thereafter transcribed by use
of computer-aided transcription and computer printer
under my direction.

I further certify that the foregoing is a true
and correct transcript of the testimony given at said
examination of said witness.

I further certify that I am not counsel,
attorney, or relative of either party, or otherwise
interested in the event of this suit.

Kurt A. Fetzer, RDR, CRR
Certificate No. 100-RPR
(Expires January 2008)

DATED:



TO: [REDACTED]
FROM: [REDACTED]
SUBJECT: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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